

Pakistan: The Roots of Dictatorship

**The Political Economy
of a Praetorian State**

**Hassan Gardezi and
Jamil Rashid (editors)**



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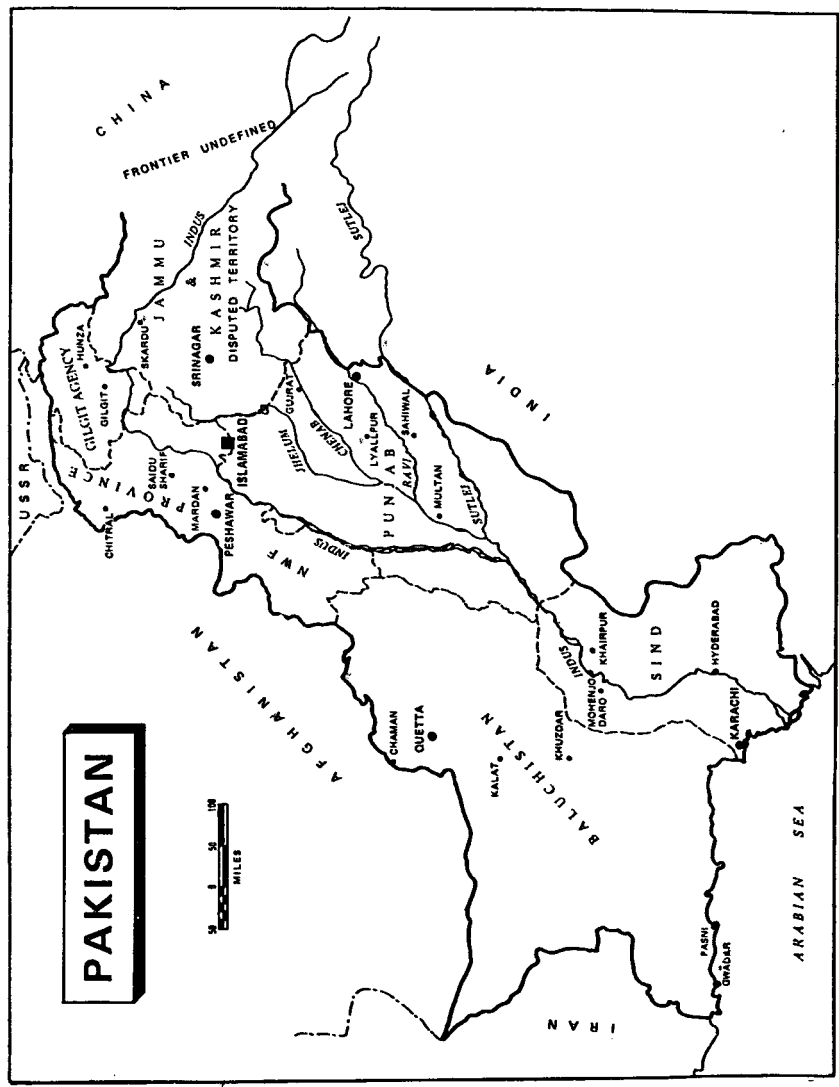
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PAKISTAN



List of Abbreviations

AITUC	All India Trade Union Congress
AL	Awami League
APCOL	All Pakistan Confederation of Labour
CBA	Collective Bargaining Agent
CMi	Census of Manufacturing Industries
CPP	Communist Party of Pakistan
CSO	Central Statistical Office
CSP	Civil Service of Pakistan
CSS	Civil Superior Services
EBDO	Elective Bodies Disqualification Order
EPZ	Export Processing Zone
GHQ	General Headquarters
IBRD	International Bank for Reconstruction and Development
ICFTU	International Confederation of Free Trade Unions
ICP	Investment Corporation of Pakistan
IDBP	Industrial Development Bank of Pakistan
IFL	Indian Federation of Labour
Jama'at	Jama'at-in-Islami
JUI	Jami'at-i-Ulema-i-Islam
MAP	Military Assistance Programme
MBO	Military-Bureaucratic Oligarchy
MFG	Manufacturing
ML	Muslim League
NAP	National Awami Party
NDP	National Democratic Party
NIRC	National Industrial Rules Commission
NIT	National Investment Trust
NWFP	North-West Frontier Province
PAEC	Pakistan Atomic Energy Commission
PICIC	Pakistan Industrial Credit Investment Corporation
PIDC	Pakistan Industrial Development Corporation
PIDE	Pakistan Institute of Development Economics
PIFCO	Pakistan Industrial Finance Corporation
PODO	Public Offices Disqualification Order
PPP	Pakistan Peoples' Party
PTUF	Pakistan Trust Union Federation
SDO	Sub-divisional Officer
Tshrik	Tshrik-i-Istiqlel
USMAAG	United States Military Assistance Advisory Group
WFTU	World Federation of Trade Unions

Chronology

14 August 1947 — Pakistan attains Dominion status under the Indian Independence Act of the British Parliament passed on July 17, 1947.

24 October 1954 — Governor General Ghulam Muhammad, a bureaucrat, declares a state of emergency in Pakistan and dissolves the first Constituent Assembly.

29 February 1956 — A second Constituent Assembly adopts a Draft Constitution and Pakistan becomes an 'Islamic Republic'.

7 October 1958 — President (Gen.) Iskander Mirza declares Martial Law in Pakistan, dismisses central and provincial governments and bans all political parties.

28 October 1958 — Gen. Ayub Khan, C. in C. Pakistan Army, dismisses Iskander Mirza and takes over all power.

1 March 1962 — Ayub Khan proclaims new constitution drafted by his own appointed commission. This constitution introduces presidential system in the country and indirect elections through 'basic democracies'.

6 September 1965 — India and Pakistan go to war over the Kashmir dispute.

25 March 1969 — Ayub Khan resigns as a result of massive protests against his 10 years of authoritarian rule, and hands over power to C. in C. Yahya Khan.

7 December 1970 — Elections to National and Provincial Assemblies held under a Legal Framework Order promulgated by Yahya Khan.

25 March 1971 — Military action begins in East Pakistan after disputes over the implementation of election results. Civil war erupts in East Pakistan. India makes armed intervention.

16 December 1971 — Dacca falls to the Indian Army. East Pakistan secedes and Bangladesh formed.

10 April 1973 — The National Assembly adopts a new constitution providing for a parliamentary system.

7 & 10 March 1977 — Elections to National and Provincial Assemblies held under the new constitution. Opposition parties allege rigging of elections and start street agitations.

5 July 1977 — Army steps in again. Gen. Zia-ul Haq imposes Martial Law and promises fresh elections within 90 days.

4 April 1979 — Deposed Prime Minister Zulfikar Ali Bhutto executed.

6 February 1981 — Movement for Restoration of Democracy (MRD) launched by six banned political parties. Withdrawal of Martial Law and holding of elections demanded. Government responds by mass arrests and closing of colleges and universities.

24 March 1981 — General Zia promulgates Provisional Constitution Order, stripping the civil judiciary of review powers over convictions handed down by military courts.

17 July 1981 — U.S. government announces \$3.2 billion aid to Pakistan's military regime over five years. Restrictions on supply of arms lifted earlier in May by Senate Foreign Relations Committee.

24 December 1981 — General Zia nominates 350 member Federal Council, with advisory powers only. Declares it to be a step towards Islamic democracy.

Statistical Profile

Area:

803,400 sq.km.

Population, 1981 Census:

83.78 m.

Rural 71.7%, Urban 28.3%

Provinces:

1. Baluchistan

Area 43.6%, Pop.4.3 m.

2. North West Frontier (NWFP)

Area 12.8%, Pop.10.9 m.

3. Punjab

Area 25.8%, Pop.47.1 m.

4. Sind

Area 17.7%, Pop.18.9 m.

Population Growth Rate:

3.1% (1972-81 annual)

Crude Birth and Death Rates:

Birth Rate 44 (latest estimate)

Death Rate 16 (latest estimate)

Infant Mortality:

142 per 1000 (latest estimate)

Sex Ratio, 1981:

111 males per 100 females

Portable Water Available to:

Rural Population 5%

Urban Population 30%

Literacy Rate:

1969 17.8%

1978 15.4%

Official Languages:

Urdu, English

Major Native Languages:

Punjabi, Siraiki, Sindhi,

Pashto, Baluchi, Brahui

Total Labour Force, 1980:

23.6 m.

Agriculture, Forestry,

Fishing 56%

Mining, Manufacture 13.5%

Per Capita Income, 1981:

US \$280 (current prices)

US \$66.3 (1960 constant prices)

GNP, 1980:

US \$23 b. (current prices)

US \$5.3 b. (1960 constant prices)

Structure of Output:

Services, administration etc.

52.4%

Large-scale manufacture 11.3%

Small-scale manufacture 4.8%

Agriculture, forestry etc. 31.5%

Budget Outlay, 1981:

US \$5.7 b.

Defence Allocation 24.2%

Consumer Price Index:

1969-70 = 100

1980 = 321.1

Exports, 1981 :

US \$2.3 b.

Main items: rice, cotton, yarn,
textiles, light manufactures

Imports, 1981:

US \$4.8 b.

Main items: capital goods, crude
oil, raw materials, consumer
goods

Foreign Debt, 1980:

US \$9.1 b. (additional \$3.2 b.

US aid negotiated in 1981)

Pakistani Workers Overseas:

2.3 m. (1981 estimate)

40.3% of Urban Labour Force

Home Remittances, 1981:

US \$2.2 b.

Note: Census figures do not
include Afghan refugees offici-
ally estimated at 2.5 m. in
1982, comprising 22.9% of the
population of NWFP province.

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3. Feroz Ahmed, 'The New Dependence', *Race and Class* (London).
4. Jamil Rashid, 'The Political Economy of Manpower Export', *Political and Economic Weekly* (Bombay).
5. Rashid Amjad, 'Industrial Concentration and Economic Power', *Economic and Social Review* (Lahore).
6. Hamza Alavi, 'Elite Farmer Strategy and Regional Disparities in Agricultural Development', *South Asian Review* (London).

Preface

The writers whose work is presented here are young Pakistanis who have virtually grown up with the country. They have experienced firsthand the events of the post-independence period, which include forced and voluntary migrations, wars, regional conflicts and secession, sectarian violence, class exploitation, military rule and foreign interventions in the economic and political life of the country. To live meaningfully in Pakistan, as Pakistanis, requires an understanding of why these events have occurred and what is likely to happen in the future. An element of personal concern thus pervades all the articles in this book for which we beg tolerance, but make no apologies.

The authors at present live and work variously over three continents, specialize in diverse academic disciplines and have been working in isolation from each other. Many were not known to the editors before work began on this book. If there is a strong consistency in their analyses and conclusions, it is neither by design nor chance. Instead, it indicates an important confluence of critical perspectives resulting from independent research.

Through this collection of articles, we have aimed to meet the needs of students and readers interested in a comprehensive and detailed knowledge of Pakistani society from an interdisciplinary, dialectical perspective. The internal dynamics of Pakistani society have too often been ignored by those concerned with the South Asian region. We believe that this book is an important critical contribution to the existing literature.

Some of the articles included in this work were originally published in periodicals. We gratefully acknowledge the cooperation of the following magazines in granting us permission to reprint: *Journal of Contemporary Asia*, Stockholm; *Economic and Social Review*, Lahore; *Race and Class*, London; *Economic and Political Weekly*, Bombay; *The Developing Economies*, Tokyo; *International Socialist Journal*, Milan; and *South Asian Review*, London; *Viewpoint*, Lahore.

Hassan N. Gardezi
Jamil Rashid

Part I: Historical Perspectives

1. Independent Pakistan: Its Political Economy

Jamil Rashid and Hassan N. Gardezi

Pakistan as a nation state appeared on the world political map in 1947. At that time the new state included East Bengal, the present country of Bangladesh which broke away in 1971. During its short history Pakistan has not only painfully witnessed the dismemberment of its eastern wing but has also experienced almost every conceivable form of foreign domination and internal contradiction that a neocolonial state can suffer. As the country enters the decade of the 1980s, military rule is still in force and the civil institutions of governance are suspended. There is no end in sight to the travails of the people of Pakistan.

Pakistan gained its independence from direct colonial rule with much hope for the betterment of its largely Muslim population of peasants and labourers, which remains unrealized to this day. The Pakistani elite as well as Western commentators blame the failures of development on the 'illiteracy and ignorance of the masses', their 'lack of preparedness for democracy' and the 'backwardness of the Muslim community'. However, these pat explanations are too superficial and erroneous to explain the complexity of dialectical forces which have historically shaped the political economy of Pakistan.

There are those who profess that what is now left of Pakistan constitutes a territorial and cultural unity which was in the making as far back as 4,500 years ago with the dawn of the Indus Valley civilization.¹ Others, who feel uncomfortable with the idea of linking the antecedents of a Muslim nation to its non-Muslim past, trace the roots of nationhood to the Arab conquest of Sindh in the 7th Century A.D. However, without delving into the distant historical past (that history is presented elsewhere in this work), it can be shown that the dominant ideologues and rulers of Pakistan after 1947 charted a course of action which had no relation to the historical aspirations of a people who had borne the oppression of exploitative class relations under centuries of pre-colonial and colonial modes of production.

The Foundation of the Pakistani State: The Mercantilist Period

On the eve of the British departure, the areas of the subcontinent which had a majority Muslim population were not developed to the extent that a na-

tional bourgeoisie could take over administration from the outgoing imperial power. The leadership of the Muslim League party which headed the Pakistan movement was dominated by a feudalistic aristocracy and a group of independently rich professionals and merchants. Having assumed the rule of the new nation with the help of a British-trained civil service, the greater part of this leadership embarked upon safeguarding its narrow personal and class interests. Although lip service was paid to the 'genius' and the 'Islamic traditions' of the people, no attempt was made to free them from the age-old forms of oppression. On the contrary, soon after independence the rulers of Pakistan began to yield to all types of inducements to enter into neo-colonial economic and military alliances in order to preserve the internal systems of privilege and power, and the external control of the cheap labour and raw materials of the country.

Once these rulers accepted dependence on the world capitalist market economy and its prime movers, especially the transnational corporations and aid agencies either based in or sponsored by the United States of America, the impact of Western economic doctrines and development models proved to be decisive in shaping ensuing events of both national and geopolitical significance.

A brief history of Pakistan's dependence on externally sponsored economic development, or more appropriately underdevelopment, is instructive. Only a few years after independence, in the early 1950s, Harvard University experts came to Pakistan to formulate the country's Five Year Plans. Later the Pakistani personnel they trained carried on their legacy. These experts conceived and executed a design for development based on the economic doctrines that guided the rise of capitalism in the West. The generation of profits through trade and commerce and the creation of incentives and opportunities to facilitate the rise of an entrepreneurial class fitted nicely into their models of economic growth. At the same time they had no concern with the impact of their planning on the relations of production in a society which was just emerging from its colonial past.

The economic policy adopted during the period 1947 to 1958 was based on the mercantilist doctrine. One may recall that in the 16th and 17th Centuries European mercantilism was concerned with the development of national administrative machinery in a post-feudal but pre-capitalist stage of nation-building. It was necessary to organize national finance and to collect customs and excise duties in order to run the state apparatus. Power was centralized and industry encouraged. Classes were assigned importance according to the interests of the state. The poverty of the labourers, who were in the majority, was considered necessary so that the nation could become richer by expropriating their produce. Since it was the duty of the poor to labour, idleness and sloth were condemned. The landed aristocracy had the congenial task of making the peasantry work so that the surplus extracted from them could be utilized in domestic consumption by the gentry. They were also highly respected because they were responsible for the production of raw materials for foreign trade. Traders and manufacturers were the

backbone of the mercantilist political economy: their main role was governing the political economy. There were repeated proposals, especially in some of the advanced mercantilist states of Europe, for a council of traders and merchants to determine state policy.

The first eleven years of Pakistan can be classified as the mercantilist period, as nation-building activities and the state apparatus were under the influence of traders and manufacturers who profited from international trade, particularly during the Korean War. However, the state was not built independently, as in classical mercantilism, because the national bourgeoisie remained linked with imperialist powers.

The foundation of the Pakistani state, geared to the interest of traders and merchants, can be traced from some of the pre-Partition policies of the Muslim League leadership. Several years before the 1947 Partition, a group of up-and-coming Muslim traders allied themselves with the Muslim League leadership to establish financial, shipping and small-scale manufacturing plants called 'nation-building companies'. The founding fathers of these institutions, such as the Habib Bank, the Mohammedi Steamship Company and others, were the future tycoons of independent Pakistan.

There were two main aspects to this stage of Pakistani development: first, the building of an autarchic economy, regardless of the comparative advantages of regional trade with neighbouring India; second, the encouragement of international financial contacts to assist the traders who had raised great expectations internationally in the newly established country. In many ways, these two policies were interlinked.

The state emphasized foreign trade based on the exporting of raw materials and industrialization geared to the production of consumer goods. This was in line with the interests of the old mercantilists who favoured protectionism in order to help traders and manufacturers, while at the same time respectful to the landlords who provided raw materials. In Pakistan, jute, cotton and sugar cane were the essential items for early industrialization and the source of high profits in a protected market. At the same time, the peasantry and urban proletariat were kept under harsh conditions, so that the landowners and rising industrialists could reap high profits. The government clearly stated its policy:

Pakistan would..... seek, in the first place, to manufacture in its own territories, the products of its raw materials, in particular jute, cotton, hides and skin etc..... for which there is an assured market whether at home or abroad. At the same time, to meet the requirements of the home market, efforts will be made to develop consumer goods industries for which Pakistan is at present dependent on outside sources.²

In 1949 the government took the decision not to devalue Pakistan's currency. Apart from the short-term reasoning that Pakistan did not want to reduce the asset value of its sterling reserves, this step reflected the philosophy of buying cheap and selling dear, a cornerstone of mercantilist policy.

However, this policy did not work as intended because Pakistan's exports collapsed at the end of the Korean War boom. The rupee was devalued in 1955, but at the same time a multiple exchange rate was introduced to safeguard the interests of the industrialists.

To encourage private ownership of the means of production, the government adopted the method of providing incentives to entrepreneurs along with paternalistic guidance. Its 1953-54 Economic Report declared: 'Fiscal policy was designed to provide powerful incentives to private enterprise and investment in industry.....'.³ These incentives took the form of bounties and subsidies to traders and manufacturers, tax concessions and the establishment of industrial parks. The government's paternalist role, it claimed, was aimed at 'assisting, guiding and controlling industrial development through wise import and capital issue policies, selective tax incentives and other salutary devices.....'.⁴ Direct taxes were reduced to a minimum and indirect taxes bearing hardest on the masses were increased.

Until 1955 the government produced budget surpluses, in spite of heavy defence expenditure. According to the old mercantilist theory, raising a large professional army and keeping a current account surplus were always the signs of a strong nation state. Throughout the 1950s, defence accounted for over 50% of total government expenditure, even though there were no conflicts or wars during that period. The military budget was supplemented by United States military grants under the pacts signed from 1953 onwards.

The first international credit agreement was signed with the United States on 25 May 1948, when the Ministry of Finance accepted a \$10 million loan. The credit was provided under the U.S. War Assets Administration for purchasing stores and equipment from its surpluses. Considering that Pakistan was not a developed area and was only in the initial phase of building its state machinery, such international linkages produced only unequal treaties and subservience to the big powers. Mortgaging the country to the big powers did not worry Pakistani mercantilists, however, for they were interested mainly in amassing wealth by any means available.

The implementation of the above policies was carried out with increasing reliance on moral and material support from the United States, which was emerging as a new imperial power as the old colonial order was in retreat. On 19 August 1948, three U.S. naval vessels arrived at Karachi harbour on a goodwill visit. In May-June 1950 the Prime Minister of Pakistan, Liaquat Ali Khan, visited the United States after brushing aside an invitation from the Soviet Union. He offered to join the United States in an alliance to 'defy aggression'.⁵ On 11 July 1950, Pakistan joined the International Monetary Fund (IMF), marking the beginning of a long client relationship with the western powers. On 12 August 1950, the United States approved a sum of \$600,000 for technical assistance to Pakistan under President Truman's Point Four Program. Many other U.S.-sponsored financial agencies offered grants and credits, including a \$1.6 million Ford Foundation grant and a \$60-million loan from the World Bank in 1951. In order to manage these trade, aid and military relationships, the U.S. Government and private foundations stepped

up the training of Pakistani administrators, social scientists and military officers. The Ford Foundation pictured its role in 1951 as 'creating and strengthening institutions needed to train manpower and develop the knowledge and approaches required for economic and social progress...'⁶

The events of 1953-54 climaxed the march of Pakistan towards formalizing her relations of dependency with the United States. The country had by then lost its two top political leaders, the 'Father of the Nation', M.A. Jinnah, and his Prime Minister, Liaquat Ali Khan. Ghulam Muhammad, a civil servant who had been elevated to the position of Governor General, illegally dismissed the second Prime Minister of Pakistan, Khawja Nazimuddin, who commanded a majority in the Constituent Assembly, and thus opened the way for rule by palace intrigue. He later dissolved the Constituent Assembly itself. This was the beginning of the rise to power of a military-bureaucratic elite and its class collaborators among the landed aristocracy as well as the emergent national bourgeoisie.

Having consolidated his position, Ghulam Muhammad and his army chief, Ayub Khan, began in earnest to negotiate a military pact with the United States, offering military bases on Pakistan's territory for America to fight 'communist aggression'. A rapid succession of visits took place in 1953-54 between the two countries. Governor General Ghulam Muhammad, his Prime Minister Mohammad Ali and Commander-in-Chief Ayub Khan went to the United States for negotiations on military alliances with President Eisenhower's administration. Return visits were paid to Pakistan by Vice-President Richard Nixon, Secretary of State Dulles and numerous U.S. defence officials and military missions. Finally, in May 1954 Pakistan signed a Mutual Defence Assistance agreement with the United States which was followed by her entry into the South East Asia Treaty Organization (SEATO) in September 1954. Ironically, U.S. officials cited developments in Tibet and Sinkiang as justification for Pakistan's role in combating the 'communist threat', 'policing the area' and promoting the 'defence of the Free-World'. In February 1955 Pakistan joined yet another military pact along with Iran and Turkey which came to be known as CENTO, the Central Treaty Organization. When the army chief Ayub Khan, the shadowy figure behind these pacts, overthrew the civilian government in 1958, he concluded the most important military alliance with the United States, the Mutual Security Act, declaring Pakistan the 'most allied of allies of the United States of America'.

Thus, in its mercantile stage, Pakistan consolidated its position as a nation-state and linked itself with the imperialist powers, ready to fight on both the domestic and international levels with the slogan of 'free enterprise and a free world'.

The Laissez-Faire Phase: Deepening Regional and Class Contradictions

With the advent of Ayub Khan's military regime in 1958, the country entered

a new stage of economic planning under the philosophy of *laissez-faire*. The military pacts had greatly bolstered the confidence of the ruling coalition of the army, bureaucracy, landed aristocracy and prospering comprador bourgeoisie, and with renewed vigour they pursued their objective of economic growth regardless of any considerations of social justice. While the military was seen as a 'stabilizing force in the country' as a result of the 'collective defence agreements',⁷ the entrepreneurs of Pakistan ensconced themselves comfortably in their comprador relationship to the global capitalist economy.

The policy implications of *laissez-faire* were based on the following basic propositions. In the service of the ruling class, the state machinery would: (1) guarantee the freedom to compete in the market place; (2) look after national defence; and (3) establish those public institutions which were not in the self-interest of individuals to create.

Adam Smith, the founding father of classical economics and the expounder of the *laissez-faire* doctrine, has attacked the mercantilists for their gold and silver fetish and their adherence to other rigid ideas, such as protectionism. He put forward two guiding principles for a capitalist state. First, the accumulation of capital should be encouraged by giving full rein to personal greed, and secondly, the defence of the state should be of paramount importance. He also favoured the preservation of colonies and the Navigation Laws to protect the interests of imperial powers. For Smith, a capitalist showed the following characteristics:

He generally neither intends to promote the public interest nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security, and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain...⁸

The Pakistani administration during the Ayub regime was guided by the principles of Adam Smith. Direct controls were lifted to ensure full play of market forces, and the possibility of high profits encouraged greed. Military alliances were the cornerstone of foreign policy, and through them large quantities of military hardware were acquired. East Bengal was consolidated as a captive market (a modern version of the Navigation Laws!), and was obliged to buy products from industrialists, mainly from the western part of the country. There was increased opulence for a minority and increased squalor for the rest of the population in the tradition of 19th Century Europe.

During this period of 1958-71, the first crop of economists trained by Harvard University emerged and in the footsteps of their masters formulated policies in favour of the so-called growth sector—those industries with high economic growth levels. They emphasized that, through economic incentives, subsidies and foreign exchange endowments, a capitalist class could be created, who would save more capital for reinvestment. This would mean creating inequalities which the chief mandarin of the Ayub era, Mahbubul

Haq, justified in the following words:

It is well to recognize that economic growth is a brutal, sordid process. There are no short cuts to it. The essence of it lies in making the labourer produce more than he is allowed to consume for his immediate needs, and to invest and reinvest the surplus thus obtained..... What is important and intellectually honest is to admit frankly that the heart of the growth problem lies in maximizing the creation of this surplus. Either the capitalist sector should be allowed to perform the role or if this is found inefficient because of the nature of the capitalist sector in a particular country or is distasteful, the State should undertake it. It would be wrong to dub the consequent emergence of surplus as exploitation: it is justification of economic growth...⁹

The two Five Year Plans written under the supervision of the Harvard University experts and implemented during the Ayub regime produced a plethora of meaningless growth rates by means of the establishment of 'import substitution' consumer industries under the patronage of, and in partnership with, foreign monopoly capital. This type of lopsided industrialization fed on cheap labour provided by the impoverished masses, while social inequalities were maintained and deepened.¹⁰ Once industries were developed and surplus generated, the question arose as to how to dispose of the commodities produced, as per capita income was still low in the areas of production. East Bengal, a captive colony, presented good marketing opportunities for the robber barons of Pakistan's industry. The export earnings from peasant-produced jute and cotton were appropriated by the manufacturers so that they could import machinery and technology. Defence expenditure was already concentrated in the western part of the country. In spite of Pakistan existing in the form of two geographical entities, the old dicta of classical economics prevailed—global economics, one state, one economy, one president, and so forth.

This type of planning was not only bound to thwart any socially relevant industrialization, but impeded even the development of agriculture. The authors of the Fourth Five Year Plan admitted that:

There was a considerable transfer of savings from the agricultural to the industrial sector . . . as terms of trade were deliberately turned against agriculture through such policies as licensing of scarce foreign exchange earned primarily by agriculture to the industrial sector, compulsory Government procurement of food-grains at low prices to subsidize the cost of living in the cities, industrial incentives for commercial agricultural investment. The vast majority of the Pakistani population probably has a lower standard of living today than when the country achieved its independence in 1947.¹¹

This period of *laissez-faire* economics resulted in such distortions in the

relations of production that the masses in both parts of the Federal Union suffered heavily and eventually rose in revolt against the Ayub regime. The workers resented the decline in real wages at a time when industrial expansion was proceeding at a rapid pace. The small farmers felt that the initial programs of the Green Revolution had worked against them, and that large-scale agribusiness farming threatened their survival. Social and economic confrontations in late 1968 and early 1969 toppled the Ayub regime. A second round of martial law was imposed on the country by Ayub's Commander-in-Chief, Yahya Khan, who assumed the office of President in March 1969. By 1971 regional and class contradictions had gone too far. With the armed intervention of India, East Pakistan seceded from the Union.

Bhutto's Social Democracy

In 1971 a shrunken and politically demoralized Pakistan entered a new phase of its history. The military transferred power to Z.A. Bhutto's Pakistan Peoples Party (PPP) which had emerged victorious in the western wing of the country in the elections conducted by the Yahya regime. The previous economic policies had reduced the peasants and urban workers to a state of dire poverty in spite of record rates of increase in the gross domestic product in the 1960s. In addition, the country had accumulated an enormous foreign debt. Under these conditions the new President (later Prime Minister) Bhutto proclaimed that socialism would be adopted as the 'economy of Pakistan'. In practice his version of socialism turned out to be a mild form of 'democratic socialism' aimed at introducing a mixed economy in the country.

Democratic socialism of the West European variety was a brainchild of the British Fabians. Notwithstanding Lenin's criticism of this type of socialism, the social-democratic phase can be perceived as a progressive political and economic development in a society decimated by the unchecked growth of the capitalist free enterprise system with all the squalor and misery that goes with it. In a society like Pakistan, with a pre-capitalist formation and comprador bourgeoisie, the rise of social democracy was an improvement on the preceding static and foreign-inspired political order.

The essential points of democratic socialism can be summarized as follows: (1) the gradual transition to socialism from capitalism; (2) the nationalization of heavy industries by peaceful means and with compensation to the owners, through the existing economic and political order; (3) the retention of the same bureaucratic structure, except for its new involvement in the creation of a partial state-capitalist structure; (4) the attempt to create a sort of socialist society by arousing the social conscience of the newly-rich through sermons and seminars; and (5) an attack on unearned income without, however, a fundamental redistribution of income—at best, a policy of progressive taxation.

In January 1972, the government took control of 31 industrial units in ten basic categories: iron and steel, heavy engineering, heavy electrical goods,

electricity generation, gas, etc. In March, the management and control of 32 life insurance companies were also taken over under a Presidential Order. From January 1974, Pakistani scheduled banks, which were the major constituents of the banking sector, were nationalized under the Banks (Nationalization) Act. In every instance, the government made clear that the former owners would be compensated. It was repeatedly announced that Pakistan was committed to a mixed economy rather than total socialization.

In agriculture, Bhutto's party announced land reforms in early 1972. The ceiling of individual holdings was lowered to 12,000 'produce-index-units', (PIUs) or 150 irrigated and 300 unirrigated acres. Basically, a PIU is defined in terms of the productivity of the soil. Roughly, it is determined on the criterion of availability or non-availability of irrigation. There were special provisions for enterprising farmers, including allowing owners who employed modern techniques of cultivation to retain up to 2000 PIU's of land. Between 1972 and 1977, there were a number of further changes introduced in the land reform legislation. Nearly all of them, however, helped to strengthen the growing economic power of the landlords who had been increasingly relying on government funds for modernizing agriculture (see articles by Hamza Alavi and Shanaz Rause in this book). In December 1976 agricultural income tax was introduced, and land revenue as well as the *Sardari* system (a system of exacting land tax via the tribal chiefs in Baluchistan) were abolished. In January 1977, another piece of legislation was introduced whereby the maximum ceiling was further lowered to 100 and 200 acres of irrigated and unirrigated land respectively.

It should be noted that social democracy does not really attack the class system; instead, it helps to perpetuate the exploitative status quo. Except for the initial psychological shock, there is nothing to deter capitalists in the rearrangement of the socio-economic order. Social democracy is a form of revolt by professionals who are themselves a creation of capitalist development. Similarly, when applied to neo-colonial, largely agrarian societies, this system does not challenge the basic principle of private ownership of land. Rather it provides a cover to the rural landed gentry for continued enjoyment of their class privileges; all they had to do was engage in a token surrender of land in excess of official limits (after legal transfers to family members and fake tenant farmers) in return for generous tax concessions, loans and monetary compensations.

Thus, Bhutto's 'socialism' did not bring any radical changes in Pakistan's capitalist-oriented development, except for introducing a bias against large industrialists and reasserting the power of big landlords who now benefited from the investment funds diverted through nationalized financial institutions. There were some modifications in labour laws, minimum wages and anti-monopoly legislation, all of which only marginally helped the underprivileged and poor masses of Pakistan. At best, the Bhutto era was a weak social-democratic attempt to rearrange the economic structure to the satisfaction of the new class alliance which had emerged at the end of the second martial law regime of Yahya Khan.

A shrewd and progressive politician, Bhutto was able to discern the class contradictions resulting from the economic policies pursued by his predecessors. During the 1970 elections, the manifesto of the Pakistan Peoples Party and Bhutto's call for fair play and social justice appealed to the emergent class interests of large sections of the population. The *laissez-faire* economic policy of the previous decade had produced a group of disenfranchised landlords who had lost ground relative to the industrialists. In addition, a new middle class had emerged, composed mainly of professionals and white collar workers in the cities, and a fairly large middle peasantry, including soldiers who were allotted farm lands, in the countryside. The expectations of the latter were raised during the Green Revolution. There were also radicals among the writers, academics, students and workers who had suffered during the military dictatorship and who made common cause with the masses against the Ayub regime.

With a strategy which has been termed Bonapartist by some, Bhutto proceeded to build a new class alliance in favour of his social-democratic platform among all these segments — landlords, professionals, white-collar workers, middle peasants and radicals. At the same time Bhutto did not want to diminish the role of large industrialists and businessmen beyond a certain limit, stating that 'the private sector must flourish under conditions appropriate to private enterprise, namely those of competition and not under the shield of state protection . . .'.¹² Bhutto knew that by superimposing a framework of a mixed economy on a partially feudal, partially dependent — capitalist society, the economic power of the exploiting classes would be preserved. He thus set himself the contradictory task of balancing the political power of the dominant classes, while at the same time posing as the representative of the peasants and workers. This is reminiscent of how Marx described the situation of Napoleon Bonaparte in 1850: 'This contradictory task of the man explains the contradictions of his government, the confused groping about which seeks now to win, now to humiliate first one class and then another . . .'.¹³ Those who worked with Bhutto remember well the many public humiliations to which he subjected the industrialists and landlords in his own cabinet, which of course were no substitute for breaking their real power.

While Bhutto played cat and mouse with the political power of vested class interests, he also tried to accommodate those political parties which tried to thwart any kind of social or economic progress in the name of religion and 'Islamic Ideology'. Soon after the creation of Pakistan, a number of fundamentalist clerics, organized under the banners of political parties such as the *Jamat-e-Islami*, had proclaimed themselves the defenders of the ideology of Pakistan, the country whose creation they had in fact opposed vehemently under British rule. Internally they were pampered by the comprador bourgeoisie and feudal elements and externally by imperialist interests because of their appeal to the most emotional sentiments of the people under the slogan 'Islam in danger'. Whenever a progressive move was made towards redistribution of wealth, liberation of women, or restoration of the linguis-

tic and political rights of the minorities, these parties found some way to oppose these moves, often inciting bloody street riots.

Bhutto could have ignored these fanatic parties in view of the fact that his own massive electoral support was generated by his party's platform of redressing age-old social injustices. Instead he accommodated them (to the extent of staging a bizarre parliamentary act of declaring the Muslim Ahmadi sect 'non-Muslim'). Eventually, with support from big business, these reactionary parties created chaos in the country, giving the military another chance to intervene.

The lesson to be drawn from Pakistan's short experiment with social democracy is that the essence of any mode of production is determined by the interrelations of its principal classes. A new socio-economic order cannot be established while old relations of production remain intact. In a country like Pakistan where the industrial and business sector is almost entirely comprador, to speak of a Pakistani form of socialism suitable to our own genius¹⁴ amounts to no more than formulating an ideology of comprador socialism, if that is possible! However, it should be noted (see Aijaz Ahmad's article in this book) that even if Bhutto's social democracy did not succeed in breaking the economic power of the ruling alliance of the big bourgeoisie, the landlords and the military-bureaucratic elite — indeed Bhutto paid with his life for tampering with their political power — it did bring about a mass awakening among the peasants and workers for their rights.

Events have moved rapidly on national and international levels since the military *coup* of July 1977. To begin with, the engineer of this *coup*, General Zia, called his action 'operation fairplay' and promised fresh elections within 90 days. But as the people of Pakistan have watched in disbelief, the military has once again tightened its grip on the country.

The strategic geopolitical position of Pakistan has long been recognized in the context of big power rivalries. But the fall of the Shah of Iran, and the Saur revolution in Afghanistan, have enormously increased American interest in the stability of Pakistan's military regime. Encouraged by this renewed interest, and using the pretext of a 'Soviet threat' via Afghanistan, the military regime has let loose a wave of repression. Elections are no longer on the agenda. Any sign of political activity, other than the manoeuvres of the extreme right-wing parties, is suppressed by way of floggings, torture and executions. Brutal repression is only one, albeit ultimate, response to any challenge to its authority. The necessity of perpetrating its rule has driven the military to create grotesque distortions in the state apparatuses and civil institutions. After flirting with the civil liberties and human rights of the people for some time through Martial Law ordinances, General Zia promulgated the 'Provisional Constitution Order' on 24 March 1981,¹⁵ stripping the civil courts of their powers to protect the human rights of citizens, thus producing a mass exodus of senior judges whose consciences did not permit them to take the new loyalty oath to the General's one-man rule.

To further the militarization of the country, career civil servants in most branches of the government have been displaced from senior positions by

military men. The heaviest penetration of military officers has been in the foreign service. Pakistan's ambassadors in almost all major capitals, including Washington, are military men, and recently the country's well known career diplomat, Agha Shahi, had to resign his position as Foreign Minister to make room for a retired General.

Heads of educational institutions, university and college teachers are victimized for not adhering to the Military's version of Pakistan's ideology. They are constantly harassed and assaulted by goons of the right-wing political parties, with total impunity.

The most callous undertaking by the regime is the use of religion to legitimize the military rule. 'Islamization' of Pakistan must be completed before restoration of democracy. What this means in reality is explained elsewhere in this book.

All these steps have, however, failed to restore the legitimacy of military rule in the eyes of the people of Pakistan. As such, the regime draws its main strength and inspiration from its manoeuvring in the international sphere; central to this is the return of Pakistan to the Western Camp and its integration in the renewed Cold War designs of the Reagan Administration. This not only absolves the regime from criticism of its blatant human rights violations by its European and North American allies, but has also opened up a bonanza of military supplies and economic aid denied by the U.S. to the previous governments for being less than co-operative camp-followers.

This point can be illustrated by a closer look at the circumstances surrounding the United States agreement to provide the Zia regime with a \$3.2 billion aid package and lifting of the embargo on arms supplies. The U.S. Administration justifies the arms deal on the grounds of a 'Soviet threat' to Pakistan, where over two million Afghan refugees are harboured, and through whom arms are funnelled to guerrilla fighters to destabilize the PDP government in Afghanistan. Whether the 'Soviet threat' to Pakistan is real or not is debatable. What makes no sense at all is the proposition that \$3.2 billion in military and economic aid over 5 years will enable Pakistan to resist a Soviet push into the country.

The real purpose of the newest aid package is revealed in what is denied, rather than what is admitted by the military rulers. They repeatedly and strongly deny that the new aid package is part of an informal alliance between the two countries in line with the United States' 'strategic consensus plan'. This plan goes beyond the traditional U.S. strategy of using regional influentials to keep pro-American rulers in power. Most importantly, it provides for the securing of entrepôts and military facilities for the recently created Rapid Deployment Force (RDF). Given a co-operative military regime, Pakistan fits conveniently in this plan because of its geographic location. RDF units can be moved from the United States' Indian Ocean outposts, such as Diego Garcia and the Philippines, to the Persian Gulf through the port facilities of Karachi and those being developed in coastal Baluchistan. The amount of the U.S. aid package to Pakistan can accomplish these goals realistically, obviating the necessity of providing permanent military

bases to the U.S., and thus maintaining its credibility with the non-aligned movement.

The other realistic objective of the aid package, again denied by the regime, has to do with the mercenary role of the Pakistani military in West Asia. According to reports, Pakistan now maintains as much as two divisions to protect the Saudi monarchy and has troops in about 20 other countries.¹⁶ All this is, of course, explained in the name of 'Islamic solidarity' which conveniently allows Pakistan to be part of U.S. 'strategic consensus' while maintaining a front of neutrality before the Third World non-aligned nations. The militarization of Pakistan's foreign service can no doubt be understood in this context.

On the economic front, the present regime began hesitantly to dismantle some of the social democratic reforms of the Bhutto government by denationalizing some industries and holding out promises of restoration of free enterprise and protection of private property. A few innovations were introduced in banking and taxation in the name of 'Islamization' of the economy. Three consecutive good crop years 1978-81 made it possible to increase the export of agricultural produce. Remittances from Pakistani workers abroad rose to \$2.2 billion, enabling the regime to service the foreign debt rescheduled by sympathetic lenders.

These fortuitous developments have helped maintain a semblance of economic stability over the past few years, but all is not well with the economy. New investment in the private industrial sector has virtually remained at a standstill in spite of all the protections and incentives offered by the regime. Exports during the first half of the fiscal year 1981-82 have declined by 7.6% as compared to the same period of the previous year.¹⁷ Remittances from Pakistani workers have begun to drop as unemployment and inflation increase in the West. Labour at home is totally repressed by periodic mass firings and violent police action.

The decline of the economy and the designs of the military regime to retain permanent power necessitate the adoption of a workable long range economic policy. Ad hoc decision making and the quackery of the 'Islamic' economists surrounding the regime will not do. In its quest for a more credible, long range policy, the regime has finally turned to none other but the mandarins of the Ayub era. Dr. Mahbubul Haq, the Harvard educated architect of Ayub's 'economic miracle' has resigned his post as Director, Policy Planning, World Bank, and has been appointed Deputy Chairman of Pakistan's Planning Commission.

The new advisers will perhaps re-emphasize some of the Ayub era policies, such as growth by import substitution industries mixed with the latest wisdoms emerging from the proponents of the 'New World Economic Order' and 'North-South Dialogue'. Dr. Haq has, of course, recanted his *laissez faire* approach and now professes greater concern for the poverty of the labouring classes. The 'New World Order', on the surface, promises redress of the gross inequalities that have resulted from the unprecedented accumulation of profits by world monopoly capital. But it really seeks to tie the Third World

countries into a new international division of labour that will permit the use of cheap and docile labour of those countries in medium technology industries owned by transnational mega-corporations. Pakistan, with its comprador bourgeoisie and a repressed labour force, offers ideal facilities for these corporations.

While the political and economic conditions deteriorate, the military regime has closed all doors to internally negotiated resolutions of national problems. The rulers have their eyes fixed on their foreign patrons — such as the Saudis and Americans — to obtain legitimacy by proxy. 'Pakistan's international standing rises . . . President's grip on the country is stronger now than when he took power four years ago', announces the regime's Public Relations organ published from Washington.¹⁸ That grip is no doubt very tight and becoming tighter. But confined in its grasp are monumental problems of national unity, poverty and class oppression, which cannot be contained forever.

The question at this point therefore is not just how Pakistan is going to come out of its latest political and economic crisis, the very integrity and survival of Pakistan is now in question. The country is no doubt endowed with plenty of human and natural resources and can be viable. But if Pakistan is going to survive and maintain its territorial integrity, only progress towards real democracy and regard for the civil and human rights will lead to such a future. The increase of military power, boosted by foreign aid and alliances, neither makes the Pakistani state stable nor guarantees that this power will not be used against its own people, as in the past. Given the strategic geopolitical position of Pakistan and its provinces, and the military regime's involvement in the Reagan Administration's Cold War designs, the country faces a strong possibility of being drawn into a world-wide conflict. In such a conflict, Pakistan will become a battlefield of foreign armies, lose the remnants of its sovereignty and suffer another round of dismemberment. If the military regime continues with its present policies, nothing short of an internal revolution can save Pakistan from that fate.

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2. Feudal and Capitalist Relations in Pakistan

Hassan N. Gardezi

A Brief History

The history of the development of productive forces in the South Asian subcontinent is often seen as a uniform phenomenon, extending from the plains of the Ganges and Jamuna Rivers to the rest of the surrounding and peripheral lands. Nevertheless, a closer historical look reveals that, as the mode of production changed over time in South Asia, it did not change uniformly in all parts of the region. Neither was the change complete from one mode of production to another; everywhere elements of the old survived with the new.¹

The rise of the central state in South Asia dates back to the 6th Century B.C., when tribal authority over land passed to the king-emperor and his appointed officers. This development was centred in the fertile plains of North India. It began with the rise of the Magadha Kingdom and culminated in the long rule of the Mauryan Empire from 321-185 B.C. It is interesting to note that this period of South Asian history receives little mention in discussions of what Marx called the 'Asiatic mode of production', yet most authentic features of the Asiatic mode appear very clearly in this period, particularly during the reign of Ashoka (268-231 B.C.). State ownership of land became established both in principle and in practice. The surplus value created by the direct producers was collected by the king through a vast bureaucracy of revenue officers. The state also maintained public works and carried out major clearings of land for cultivation, using the forced labour of Sudra helots. Most production took place in self-sufficient village communities, and trade was strictly controlled by the state. Cities were primarily administrative centres, garrison towns or places of worship, with the few exceptions of ports and places on trade routes.

The north-west of the subcontinent, the area which now constitutes Pakistan, was part of the Ashokan Empire. However, the people and the political economy of this vast region were not integrated with the Brahman-dominated society of the Ganges Valley. After 1500 B.C., when the neolithic agricultural settlements of the Indus Valley were overrun by invading Aryan tribes or otherwise met their demise, the region rarely experienced a stable, centrally organized communal life. Neither were the political and

economic ties with northern kingdoms very strong or continuous until the British conquered the Punjab in the middle of the 19th Century.

During the 5th Century B.C., much of the north-west became part of the Achaemenid Empire of Persia. At the time that Alexander of Macedon invaded the north-west (327 B.C.), he found the region divided into a number of small states and tribal chiefdoms. Taxila was the capital of one of these states, called Gandhara, which was a famous seat of Buddhist culture and learning. A language of the same name, which was quite different from Magadhan Sanskrit, was also evolving in this region, the present form of which is believed to be *Saraiiki*, widely used in different parts of Pakistan.

As the Christian era approached, the north-west was again overrun by peoples of Hellenic, Central Asian and Persian origin, who established Indo-Greek, Saka, Kushana and Hun rule, lasting for about five centuries. The Hun invaders were fiercely resisted in the north-west. However, they overran Gandhara by 450 A.D., destroying many of the Buddhist achievements in the region and ultimately spelling the doom of the Gupta dynasty in the north. Many of these foreign invaders eventually settled in the trans-Indus region under their original or assumed tribal names, which today are still attached to lineage groups in different parts of Pakistan.

The Arab invasion of Sindh and coastal Baluchistan took place in 712 A.D., followed by a series of Turk, Afghan, Mongol and Mughal expeditions crossing the mountain passes of the north-west. These invasions lasted approximately eight centuries. During this long period, peace reigned over the region only when the Delhi sultans or Mughal emperors consolidated their central rule, or when local tribal chiefs, rajas or breakaway kingdoms established more or less autonomous rule over parts of Sindh, Baluchistan, Sarhad and the Punjab. When Mughal rule began to disintegrate towards the middle of the 18th Century, new Afghan expeditions entered the north-west with their eyes on the Delhi throne. The Afghan chieftains, Nadir Shah and Ahmad Shah Abdali, led savage attacks on the Mughal capital, leaving death and destruction in their wake. The memories of this devastation is still preserved in the poetry of the Punjabi mystics, Waris Shah and Buhle Shah.

Centrifugal Tendencies

The centralization of power in an all-encompassing state personified by a king-emperor is an essential political factor in the Asiatic mode of production. The constant influx of foreign invaders, internecine warfare and strong tribal elements prevented the welding of the north-west into such a centralized state. Small tribal republics continued to survive in this region when the central state was consolidated in northern India, later embracing the rest of the subcontinent under the Mauryas. The tribal republics were based on the principle of governance by assembly. Therefore, they did not require the ideological legitimization of the Brahmanic doctrines, which played a strong role in the consolidation of the central state authority in the north, or the

social organization of society on the basis of a rigid caste system. Furthermore, the tribal republics provided a more favourable environment for the accommodation and eventual assimilation of the new waves of peoples and beliefs. Buddhism flourished in this area, as did Islam at a later date. The Aryan orthodoxy generally spread eastwards. The many waves of foreigners entering the north-west as invaders and conquerors remained an enigma to the Brahman lawmakers of the north. 'The Shakas were classed as being of mixed caste, something truly abhorrent, and the Greeks as degenerate Kshatriyas by Hindu legal minds.'² Collectively, the new settlers in the north-west were known as *mlecha*, impure.

Three hundred years after the collapse of the Mauryan empire, in 319 A.D. the Gupta dynasty came to power in the north. The period from the beginning of this dynasty up to 700 A.D. is known for the evolution of the classical pattern in South Asia. Hindu arts and sciences flourished in an atmosphere of unprecedented prosperity of the upper classes. Politically, this period brought a twofold decentralization of state power. Outside the Ganges Valley, numerous small kingdoms were emerging. Even at the height of the Gupta Empire, in the district towns and villages 'the local administration was for all practical purposes independent of the centre.'³ Unlike the Mauryas, the Gupta kings did not have an officially inspired grand administrative system.

Systems of Land Alienation

Another trend towards the decentralization of state power was the process of land alienation, perceived by some as the beginning of 'South Asian feudalism'. The Gupta period marked the proliferation of a system of land grants which continued in vogue under later Hindu and Muslim dynasties, with modifications adapted to administrative needs. Inscribed on stone and copper plates, the texts of the early grants distinguish between two main types. *Agrahara* lands were granted to Brahmans free of tax and in perpetuity. The other type, which became more frequent with time, involved the grant of land to secular state officials in lieu of salary in cash or as a reward for meritorious service. The result of this proliferation of land grants was the weakening of royal authority which in the long run proved to be irreversible. 'Although technically a king could terminate a grant, he was unlikely to do so very often, since offended Brahmans and officers could well express themselves in political opposition.'⁴

From the early 13th Century, when Muslim Afghans and Turks consolidated their rule over most parts of the subcontinent, the practice of land grants, known as *iqta*, became a pragmatic device to maintain administrative control over a domain in which the sultans and most of their governors were aliens. In the north-west, land grants under Mughal and later Sikh rule were called *jagirs*, and the grant holders were variously known as *jagirdars*, *mansabdars* and *zamindars*.

Thus, the trend towards decentralization of authority which began with the land grants of the Hindu period continued to create a class of inter-

mediaries with a direct interest in the exploitation of land and the labour of the peasantry. The Delhi sultans and Mughal emperors no doubt made numerous attempts to destroy the power of the regional overlords and to gain direct access to the surplus value of the peasants' labour through the state bureaucracy. But the success of these attempts was short-lived and confined to the high points of Muslim rule, for example, under the rule of Sultan Alauddin Khilji (1292-1316) or Mughal Emperor Akbar (1556-1605). A major factor in the collapse of Mughal rule was the exhaustion of the emperors in their attempts to recapture breakaway principalities or suppress Rajput and Mahratta chiefs and their own rebellious *mansabdars* and *jagirdars*.

The Asiatic Mode of Production or Feudalism?

The centrifugal tendencies which we observe in the evolution of state power in South Asia, dating from at least the 4th Century A.D., would seem to have provided the political prerequisite for the emergence of a feudal mode of production, and some Indian historians maintain that this was indeed the case.⁵ However, the basic controversy regarding the inception of feudalism in South Asia concerns the extent and nature of decentralization of state power through the monarchical practice of land grants prior to the British conquest.

Those historians who follow the Marxist exposition of pre-capitalist formations consider feudalism a European and Slavonic phenomenon, except for its Japanese manifestation. They believe that the Gupta 'copper plate' land grants, sultanate *iqta* grants and Mughal *jagirs* were not the same as European *feodum*. Basically, this observation of divergent development is valid, given the historical specificity of the respective European and South Asian traditions. Yet, from the 4th Century A.D., significant developments took place in South Asia which correspond to the feudal mode. As pointed out by one historian:

If we see feudalism merely as political disintegration and administrative decentralization brought about by chiefs and vassals, we will have to admit that it occurred again and again in Indian history till the establishment of the British Raj. But if we see feudalism as a form of social order in which the possessing class appropriated the surplus produce of peasants by exercising superior rights over their lands and persons; we can say that the phenomenon did not appear before the advent of the Guptas.⁶

Once this phenomenon did appear, it extended to all of Northern and Central India as well as to those arable lands of the north-west included in the Gupta Empire. In the beginning, a class of donees was created who were given only usufructory rights, but by the 8th Century onwards 'proprietary

rights were transferred to the donees' along with the right to administer justice and enforce law and order.⁷ In addition, recipients of 'copper plate' grants were not only exempted from taxes but eventually also from various types of levies and obligations such as public service, supply of labour and billeting of troops and officials.⁸

Critchley compares the feudal quality of these grants with 'the seigneurial privileges of some medieval European fief holders', specifically, the Merovingian charters of immunity from a combination of taxes, public service and entry of royal officers.⁹

This evolving mode of production gave rise to a number of exploitative practices, some of which have survived into the present in conjunction with the system of large landholdings in Pakistan. One example is forced labour, or *begaar*. Under the Mauryas, the royal authority imposed forced labour upon Sudra helots and slaves mainly in connection with public works and land clearing. After the process of infeudation of land began the practice was extended to all classes of people. The 'local beneficiaries with direct interest in the exploitation of the rural resources' made forced labour a much more common and oppressive practice.¹⁰

Another feature of the tenancy systems was *batai*, the landlord's appropriation of a share of the direct producer's crop, which is still prevalent today. The historian Sharma makes the following observation about the origins of this type of appropriation:

The pre-Muslim medieval period may be regarded as the classical age of feudalism in India, for the Muslims introduced large-scale cash payments which loosened the direct control of the landed intermediaries over the peasants. Thus the feudalism of our period (c. 300-1200) was largely concerned with realizing the surplus from the peasants mainly in kind through forced labour, which is not found in any considerable scale either before the early centuries of the Christian era or after the Turkish conquest of India.¹¹

✓ The introduction of cash payments by the Turkish sultans and Mughal emperors introduced another exploitative feature into the economic picture, namely debt bondage. Reinforced by the British legal and land revenue system, debt bondage became a particularly oppressive condition for the peasants. It still exists as an extra-legal practice both in India and Pakistan.

Under the agrarian systems of the Sultans and Mughals, the practice of land grants was incorporated more methodically into the administrative structure. Periodic inspections of land and reassessments of revenues due were conducted and the cash value of revenue for different units of land was determined. At the pleasure of the court, the Sultan's officials and other beneficiaries were assigned partial or total revenue of particular villages to cover their salaries or maintain their life styles and military positions.¹² Mughal administrators, especially from the time of Akbar, were meticulously ranked, on the basis of duties and services expected, into different

classes of *mansabs*. To each class of *mansab* was assigned a commensurate revenue income from a *jagir* of appropriate size and value.¹³

However, as noted by Sharma in the preceding quotation, the agrarian system of the post-Hindu period represented a weakening of feudal property relations. During the peak of the Sultanate and Mughal authority, state officials were paid in cash either directly from the royal treasury or from the revenue income of the land grants. The Mughals, in particular, introduced measures to prevent their official aristocracy from developing strong property rights in land.¹⁴ Legally, the *mansabdar's* appropriation of revenue was only in lieu of services rendered to the court. At death his property reverted to the state and his descendants had no hereditary right to it. This was not meant to destroy the aristocracy as a class, but to test and reinforce the principle of loyalty to the king. The *mansab* was usually returned to the most loyal of the apparent heirs. The *mansabdars* were also transferred periodically to different administrative districts and related *jagirs* to weaken their ties with the land and its cultivators.¹⁵

A more permanent figure in the social structure of the village was the *mukadam*, referred to as the 'village headman' in English writings. He often cultivated his own land and was directly responsible for the collection of revenue from the villagers. Being in direct touch with the producers, the *mukadam* could sympathize with their plight and provided leadership to peasant revolts when the revenue extraction by the agents of the state became very oppressive under the Tughluq Sultans and later regimes. Under the British Raj, this functionary was recognized by the older term of *chaudhary* or its hybrid linguistic equivalent, *numberdar* (changed to *lumberdar* by the rustic Punjabi). Today the *chaudhary* or *numberdar* is more of an honorary title given to the village influential who assists in revenue collection and in the administration of law and order. He is also a king-pin in the political game of manipulating votes at the time of national and provincial elections on behalf of the landed aristocracy.

Thus, the main ingredients of the formula for the Asiatic mode of production were already present when European observers, on whose works Marx has drawn heavily, started arriving in South Asia and attending Mughal courts during the 16th-18th Centuries. The *jagirs* of the Mughal period did not resemble European fiefs, except in a few selective features, such as the obligation of *mansabdars* to provide military contingents at the time of war. At the high points of Muslim rule, central state authority was strong, particularly in Northern and Central India. The institution of private property in land was either weak or nonexistent, depending on the extent to which the Mughal rulers were able to control and regulate their land revenue and tenure systems. They did execute some public works, including irrigation projects, but nothing to warrant the use of such picturesque terms as 'hydraulic society' or 'hydraulic civilization' employed by authors such as Wittfogel.¹⁶ Finally, unlike European feudal lords, the Mughal *jagirdar* did not live on his *jagir*. He was typically an absentee who had maximum interest in appropriating the land revenue. He neither cultivated nor lived on his land, characteristics

retained by large landowners after the British instituted permanent and hereditary titles to land.

The historical developments in the mode of production sketched above illustrate a deviation from the Marxist conception of societal change. Here is a case of the Asiatic mode of production succeeding a feudal mode. (Of course, for those who deny that feudalism ever existed in the Indian sub-continent there is no deviation on this point.) However, no basic theoretical dilemma should pose itself in terms of Marx's general historiography, if one bears in mind the historical specificity of South Asia and regional variations in modes of production. In the case of Northern and Central India, we see a clear alternation between Asiatic and feudal modes of production without one completely superseding the other. In the present area of Pakistan, we are confronted with a greater complexity and regional diversity. Three modes of production—the Asiatic, the feudal and the tribal/semi-pastoral—existed side by side, superimposed one over another.

Regional Diversity

At the base of the Asiatic mode of production, Marx assumed the existence of an unchanging village community, unaffected by broader political changes in so far as it maintained its self-sufficiency through the union of agriculture and cottage industry. He notes the existence of these village communities 'in a fairly perfect form in the North-Western part of India, which were recent English accessions'.¹⁷ These accessions included the Punjab, Kashmir, and the North-West Frontier (Sarhad) Province of Pakistan, which were annexed from the Sikhs after the decisive battle of Gujrat in 1849.

The Sikhs in this region had maintained the Mughal system of revenue, and had continued the practice of granting *jagirs* to their governors in lieu of services and to local overlords in order to keep them appeased. However, there is not much evidence of great irrigation and public works until the British conquest of the area, which now forms Pakistan. Ibn Battuta noted the lack of irrigation works on the Indus and Punjab rivers when he arrived in the region in the early 14th Century. The Indus and the five rivers of the Punjab, which he collectively named 'one of the greatest rivers on earth', rise 'in flood in the hot season, and the inhabitants of that country sow at the time of its flood, just as the people of Egypt do during the Nile flood'.¹⁸

Almost all significant irrigation works on the Indus and the Punjab rivers were executed during the 19th and 20th Centuries in the British and post-British period. However, there are a few exceptions. The third Mughal Emperor, Shah Jahan, cut a 110-mile canal from the River Ravi to the royal Shalimar Gardens. In what is the present North-West Frontier Province, we can find mention of small irrigation canals and dikes as far back as the rise of the Gandhara civilization, when the area was organized in local tribal states.

Due to lack of irrigation, agriculture was restricted to the riverine plains of Peshawar and Mardan districts and to the narrow sub-mountainous valleys. Predominantly pastoral tribes based on the common ownership of land and egalitarian social structures have survived in this area. Major modifications in

their tribal social organization and property relations were introduced by British administrative and political interventions, which we shall consider below. Tribal organization has also remained predominant in Baluchistan, territorially the largest province of Pakistan.

The present Sindh Province, including parts of Southern Punjab and Eastern Baluchistan, constituted a political and geographical unit which retained its autonomy over long periods of South Asian history. After the penetration and settlement of Rajput and Gujara tribes during the early centuries of the Christian era, political and economic developments in this region took an independent course of which much has yet to be learned. We do know that a relatively homogeneous language, culture and ethnic population developed over time.

During Saka rule in the north-west, the population of Sindh was predominantly Buddhist. However, the Chinese traveller, Hsuan Tsang, who passed through the area in the second quarter of the 7th Century A.D., noted much contention between the Brahmanic religion and Buddhism. At the time of the Arab conquest in 712 A.D., Sindh was ruled by a local Hindu raja. Arab accounts of that period describe the region as a rich monarchy with high agricultural productivity, and also allude to the oppressiveness of the ruling classes, which resulted in some popular support for the conquerors. It is difficult to say whether the society had a feudal form of stratification or a localized version of personal despotism.

At the time of the Muslim conquest, Sindh was ruled by the Chach dynasty; an account of their rule is preserved in a contemporary historical text, *Chach Nama*. This source indicates that the land was owned by the cultivators and not by the king. The king collected tax from cultivators, artisans and traders.¹⁹ During the Sultanate and Mughal period, the Delhi emperors had to wage a long succession of campaigns to bring Sindh under their control. Although the campaigns proved to be of limited success, they caused considerable destruction to local material achievements. By the beginning of Mughal rule, the religion of the area, including that of its ruling chiefs, had changed to Islam, primarily as a result of the preachings of Muslim sufis and saints. But local ruling dynasties continued to maintain their independence with brief interludes of rule by the Delhi courts. In early 1841, the government of the British East India Company finally annexed Sindh from the local *amirs* (chiefs) through a combination of deceitful treaties and the application of military power.

Thus, by the middle of the 19th Century when the British began to consolidate their rule, elements of three modes of production existed in the area which is now Pakistan. British colonization modified these modes and introduced new elements. However, before we turn to the British period, we must first address an issue of considerable importance: Did the pre-colonial modes of production contain the seeds for the growth of a native capitalism?

A Locally Evolved Capitalism Historically Possible?

Trade was an important factor in the political economy of the north-west from at least the 6th Century B.C. Thriving trade centres such as Taxila served as vital links between the Indian subcontinent and Central and Western Asia, China and the Hellenic world. The discovery of precisely minted coins of silver and other metals provides evidence of highly developed commodity production during the early northern kingdoms.²⁰ By Ashoka's time, trade, commerce and commodity production had spread to the district towns and had attained sufficient importance to warrant the establishment of separate government departments and many official regulations. Skilled workers and commodity producers began to organize into artisan guilds based on kinship and caste affiliation. However, under the Mauryan kings this commercial activity was strictly controlled by the state. In as much as the state appropriated as revenue the bulk of agricultural and industrial produce in kind, it engaged in trade to the detriment of private merchants.

With the decline of central power during the early centuries of the Christian era, the urban economy expanded significantly as a result of freedom from strict state controls and taxation. Artisan guilds continued to grow and prosper. In addition, workers' cooperatives, organized around particular crafts and industries, could undertake large-scale building and production projects and strive for excellence. Some of the great works of sculpture and architecture in the north-west date back to this period. Many were donations to temples and monasteries.

However, this early outburst of commercial and manufacturing activity did not lead to a major transformation of the mode of production along capitalist lines. The economy was still largely agrarian. Village self-sufficiency was not effectively altered. Manufacturing was too closely tied to the production of luxury goods and commodities for foreign markets, and the peasant population did not retain sufficient surplus after the payment of revenues to buy many outside commodities. Moreover the guilds did not undermine the rigid caste system. In fact, they depended on the castes and subcastes for their supply of workers with hereditary specializations in different crafts. In other words, artisans did not join the guilds as 'free men'.

These conditions did not permit the development of an independent class of manufacturers or mercantile capitalists who could advance the forces of production significantly beyond the levels of pre-capitalist accumulation. However, the fact remains that the emergence of what we have termed South Asian feudalism coincided in the subcontinent with considerable trade and commerce and a more advanced state of arts and culture in urban areas than in the European Middle Ages. The benefits of this increased productive activity were monopolized by the rising upper classes, particularly the aristocracy under the Guptas, who lived on land revenues rather than engaging in productive labour.

From the 13th Century onwards, the Muslim rulers established a pattern which may be called personal despotism, leading to the weakening of the

rights of private property in land held by the old aristocracies. Trade and commerce fluctuated greatly as periods of relative peace alternated with warfare and rebellion. In general, having no roots in the countryside, the Sultans encouraged the development of cities, where a new affluent class of foreign origin gradually emerged, comprised of Muslim courtiers, governors, soldiers, scholars and merchants. The Sultans and their *iqta* holders collected revenues in cash wherever possible and thus injected some elements of market economy into the villages. Silver and gold coins came into common use and a standard currency, *tanka*, based on the value of silver, was widely minted and used throughout the subcontinent. In a new practice, the Sultans established *karkhanas*, royal workshops, in the cities. In these workshops, officially appointed master craftsmen trained and employed hundreds of slaves to produce court furnishings, gifts and objects of consumption for the royal household.

During the Mughal period (1526-1759), commodity production, trade and commerce maintained a steady tempo, except for periods of decline during wars and civil strife. The main items of trade were cotton textiles, silk, ivory, leather products, indigo, salt, saltpetre and spices. The net volume of trade was large enough to promote regional prosperity and to add significantly to the state revenues.

Why did this commercial activity fail to lead to a capitalist transformation in the subcontinent while contemporary Arabs and Europeans were engaged in flourishing mercantile activity? A major reason is that too much of the surplus value was concentrated in the hands of the state, which dissipated it in wars and the unproductive building of monuments. The inland system of communication and transportation also remained extremely inadequate to sustain the movement of goods for trade on any scale; to this may be added the increasing risk of roadside robberies with the disintegration of Mughal rule. A more serious impediment for the indigenous merchants was their failure to develop and control overseas navigation. The land routes through the north-western passes were subject to constant disruption as a result of internecine warfare. It has been estimated that by the middle of the 16th Century, 30,000 tons of merchandise left India annually by sea while only 500 tons entered on camels over the north-west land routes.²¹ While the Brahman lawmakers debated whether overseas travel was permissible, first the Arabs and the Portuguese, and later the British, acquired a complete monopoly over sea trade.

From the 18th Century onwards, as Mughal authority began to disintegrate, the British East India Company used its superior commercial and military power to annex different parts of the subcontinent piece by piece. By the middle of the 19th Century, India and what is now Pakistan were subjugated politically and economically to England, 'the great central workshop' in the words of Engels.²²

British Rule: A Colonial Mode of Production, or Capitalism?

In Pakistan, as in the rest of the subcontinent, the introduction of capitalism in agriculture and industry, or more appropriately the large-scale 'subsumption of labour under capital' was the result of British colonial policy and administration. However, it should be noted that by the middle of the 19th Century, when modern capitalist relations of production were being introduced in Pakistan, feudalism had already ended in England and the bourgeoisie as a class had established exclusive control over the domestic economy and state power. In Pakistan, by contrast, pre-capitalist formations were still strong, although no one mode of production was clearly dominant. The British colonial administration introduced capitalist relations selectively in the region, but always in subservience to the imperialist interests of the mother country. In many cases, the interests of British imperialism were best served by freezing and reinforcing the existing pre-capitalist relations of production rather than by transforming them along capitalist lines.

By the time the British consolidated their power over the Pakistan area, the East India Company's former policy of primitive accumulation through plunder, revenue exactions from local rulers and the use of trader's and usurer's capital had ended. Sindh had suffered the most from such plunder and exactions under Company rule.²³

Land Alienation

After the 1857 revolt of Indian troops and the British Crown's takeover of the Company's government, the pursuit of the long-range tasks of imperialism began in earnest. In the Punjab, Sindh and the 'settled districts' of Sarhad Province, landlordism in its present zamindari form was introduced by creating permanent titles in land. This system of landlordism had first been implemented in the late 18th Century by the Company's government in Bengal.

Prior to the introduction of Lord Cornwallis' Permanent Settlement in Bengal, the *zamindar* had been primarily a tax collector, although in his position as a de facto local administrator he exercised some judicial and law enforcement functions over his *rayats* (peasants). His cash proceeds were not referred to as 'rent', but as *jamias* (collections). The Settlement Act and subsequent regulations transformed the zamindars into a class of private landowners, and land into a commodity which could be bought, sold, mortgaged and sublet. This had far-reaching political, social and economic consequences. The official thinking of the British administrators is reflected in the following remark found in a revenue report of 1871:

The *zamindars* with whom the settlement was originally made were, for the most part, powerful chiefs whose authority extended over wide tracts of the country. Of these tracts they were by the settlement constituted the proprietors.²⁴

This form of land alienation which the British accomplished by decree was unprecedented in South Asian history. Even in the period of 300-1200 A.D., which we have characterized as feudal, land was not a commodity which could be bought and sold, or used otherwise for private gain.

The question of who owned the land prior to the Permanent Settlement was not a simple one to determine for a vast subcontinent with many regional patterns and with a long history of indigenous and foreign dynasties. There was no agreement among prominent 19th-Century English administrators in India on this question. As Krader says:

Elphinstone sought support for the village headman, whether under the title of *Goud*, *Muccuddim*, *Mundial*, or *Potail*, etc.; Wilks regarded the *royats* as the traditional owners of the land; Campbell and Maine regarded the village community as the original proprietor of the land. Wilks and Elphinstone expressed doubts concerning the notion of the sovereign or the state as the chief landowner in India....²⁵

Among the recent students of the Mughal agrarian system, Habib subscribes to the view that peasants had individual rights to the land, although this position overlooks some clear evidence in support of communal ownership.²⁶

In the end, the British bestowed proprietary rights on the *zamindars*, thus creating a parasitical class which ensured the perpetuation of feudalistic exploitation and privileges. At the same time the new system brought possibilities of wider commercialization of agricultural production. However, the colonial framework within which this commercialization took place, prevented any significant transition to capitalist farming. Instead it created innumerable hardships for the peasantry as well as for many *zamindars* who failed to raise the fixed revenues they owed to the state in the Punjab, Sindh and Bengal.²⁷

The case of the Punjab has been amply commented upon by British administrators who witnessed the changes in the revenue system as they were implemented in new annexations of the north-west in the second half of the 19th Century. Thorburn, a senior member of the Indian Civil Service, wrote that when Lord Dalhousie (Governor General, 1848-56)

rounded off the north-west boundary of our Indian dominion by annexing the Punjab, he had by right of conquest a clean slate to work upon and he then ... introduced changes in the land revenue system which, however convenient for budgets and regular disbursements, were fraught with serious consequences for the rural communities of the province.²⁸

According to him, before these changes were introduced:

The village community, not the individual, was the occupying unit. In

~~Hindu and Mughal times the state had been the universal overlord, and appropriated all the profits of cultivation. In our turn we re-established the old view of state rights in land, limited our demand to the estimated value of an average crop, and exacted payment on fixed dates, whether the yield had been good, bad, or nothing.²⁹~~

This policy began to undermine the village system of the Punjab. Unlike Bengal, the countryside of the Punjab was generally not dominated by 'big chiefs'. The Punjab village was typically a *baradari* unit, a 'brotherhood of cultivators', where each tiller had a traditional claim over the piece of land he cultivated, although land was not property in the sense of commodity.³⁰ The *baradari* was a lineage group whose headman was not a landlord of the village, but a senior member of the brotherhood of cultivators. Excess village land was sometimes cultivated by outsiders not belonging to the brotherhood, and each village also had its complement of *kamins*, or artisans. The present-day manifestations of these *baradari* units are perhaps village 'factions', who often compete and fight with each other. They operate in a different context produced during a long period of land alienation, colonization and resettlement of new lands opened as a result of the irrigation projects of the late 19th and the 20th Centuries.

The present-day *zamindars* of the Punjab were created by British colonial policy and administration essentially in four ways: (1) through the grant of land titles as rewards for military assistance to Company officials during the 1857 revolt; (2) through awards of land titles to heads of prominent lineage groups; (3) through awards of land titles to individuals who were so ruthless as to use their kinship and other connections to gather large bodies of labourers to work on irrigation canals and other public works projects; (4) through the accumulation of private landholdings by individuals who used usurer's capital and manipulated the colonial civil courts to acquire the lands of proprietor-cultivators who fell heavily into debt.³¹ These last three factors were also operative in Sindh and to some extent in the settled districts of Sarhad, where new classes of big landowners emerged in the persons of *waderas* and *khans*, the counterparts of Punjabi *zamindars*.

Collectively, the *zamindars* of the Punjab, the *waderas* of Sindh, the *khans* of Sarhad and the *sardars* (tribal chiefs) of Baluchistan and the North-West Frontier (in a somewhat different context, to be discussed below) have historically shared a similar parasitic function, with a distinct feudal imprint, in the political economy of the region. Following the example of the colonial state, whose creation they were in the first instance, they contented themselves with the position of collectors of the fixed rent. Removed from the necessity of cultivating their lands for their livelihood, they were not even interested in exercising managerial functions over them, much less in capitalist farming by means of reinvesting some of their money proceeds in improved production. The foreign rulers not only guaranteed their property rights but showered them with honorary military ranks, colours of regiments and imperial titles. They took to a life of absentee landlordism which had no produc-

tive function in the economic life of the community.

One can see a similarity between the feudal relations of the lord and peasant of Medieval Europe and their modern counterparts created by colonial rule. On the surface, it might appear that absentee landlordism produced a distance between the landowners and peasant-cultivators which prevented the former from having direct personal intervention in the daily life of the peasants and in their civil and criminal disputes. This, however, does not reflect the underlying reality. The legal machinery created by the British and inherited by the new independent state of Pakistan has remained incomprehensible, physically remote and expensive for poor cultivators of all categories. To use the picturesque description of the situation in the Punjab provided by Thorburn:

A Chief Court, with 500 subordinate courts, administering laws and rules adapted from every statute book in Europe, regulated the affairs of everybody, and to interpret and misinterpret those laws and rules a multiplying locust swarm of pleaders had settled on the land. As the government, courts, lawyers and moneylenders were satisfied, the complaint was unseemly from the people . . . *sua si bona norint*: let the fittest survive, and grow fat on the sweat of the stupid many.³²

This situation has not changed much since independence. Landlords, either personally or through their middlemen, continue to exercise arbitrary jurisdiction over the daily affairs of the peasants who, as a result of ignorance, lack of means or intimidation by police officers are denied access to the legal channels of the law enforcement and judicial systems.

Increased agricultural production, trade, commerce and manufacture resulted from irrigation projects, railways, road transport, the telegraph system, banking and 'free trade' policies promoted by the British colonial administration from the 1850s onward. According to the historian Spear, the railway system was 'virtually complete by 1900' and was 'the best system in Asia'.³³ Initiated in the 1850s the irrigation system on the Indus and the Punjab rivers was completed by the construction of the Sukkur Barrage in the 1940s. Much of the increased productivity resulting from these innovations however, was translated into taxes and revenues to finance colonial rule and thus did not constitute a rise in the level of accumulation which might have generated a decisive transformation of the mode of production along capitalist lines. As productivity increased with the completion of new public works, so did the colony's tribute to England. The British colonial officer, Thorburn, made the following observation about the new capital generated:

Whether it be twenty or thirty millions sterling, the larger part represents what are, unfortunately, under an alien government, unavoidable payments, interests on loans—most of them incurred for productive works such as railways and canals—pensions spent out of India,

furlough allowances, home establishment charges, private remittances and the like. However burdensome to the Indian taxpayer, this 'economic drain without return' will continue so long as our domain in India lasts.³⁴

Baluchistan and the Tribal Belt

These were the results or the developments undertaken by the colonial authorities in the trans-Indus and Punjab plains. The much larger area of what is Pakistan today, the Province of Baluchistan together with the tribal belt, was of little economic interest to the British, although it had military and geopolitical significance. As noted earlier, tribal social organization based on pastoralism and some agriculture endured in this area until the British arrival. The Baloch, Brahui and Pathan tribes of this area did not develop elements of an independent central state.³⁵ In Baluchistan a large chieftaincy had emerged in 1730 under the rule of Nasir Khan Baloch, the remnants of which were kept together by the *khans* of Kalat in the form of a tribal confederacy. Similar chieftaincies survived in pockets of the north-west tribal belt; examples are Swat, Dhir and Chitral. The rest of the area was politically fragmented into numerous tribal groups. The British decided to utilize this area 'to define the western frontiers of their Indian empire; to station garrisons so as to defend these frontiers and make forays into the neighbouring countries of Iran and Afghanistan . . . and to find safe passage through the area in case of military eventualities'.³⁶

In order to accomplish these goals, the British adopted various measures to win the loyalty of tribal chiefs. In contrast to their tactics in the Punjab and Sindh, they did not use the area to create surpluses and abstained from imposing taxes, instead paying subsidies to the tribal chiefs, *sardars* and *khans*.³⁷ Except for the old road links and a new railway link connecting the subcontinent with Afghanistan and Iran, the great central and southern part of Baluchistan was left without modern transportation routes. Neither were any modern port facilities developed despite the long coastline of Baluchistan.

The tribal system of Baluchistan and the north-west was carefully studied by the colonial 'administrator-anthropologists' in order to create an effective system of control over the region.³⁸ The system imposed on Baluchistan bore the name of one of these 'administrator-anthropologists', Sandeman. The Sandeman system, a masterpiece of colonial administrative ingenuity, reinforced the power of the tribal chiefs, *sardars* and *khans*, reducing their fellow tribesmen to the status of subjects. Feudalistic 'innovations' were introduced into the tribal system by authorizing and financially subsidizing the tribal chiefs to raise and maintain local militia, operate prison houses and extract fixed revenues for the maintenance of the *sardarkhel*, the chief's clan. Whereas previously the tribal lands were communally owned in most cases, with periodic redistributions according to the needs of different clans, the Sandeman system in effect transformed the *sardars* into autonomous landlords.³⁹

The Baluchistan region, comprising an area of over 134,000 square miles, never received the status of a province. Along with the tribal belt of the North-West Frontier it continued to be ruled by 'political agents' under British colonial rule, as well as under the Pakistan Government until 1971. No semblance of parliamentary democracy was extended to Baluchistan or the north-west tribal belt. Instead the old institution of tribal assembly, *jirga*, was manipulated to enhance the power of the *sardars* and *khans*. In the past the *jirga* had been an instrument of participatory justice. The British gave incentives to the *sardars* and *khans* to convert this assembly into a *shahi* (royal) *jirga* 'on which only the *sardars* and the aristocracies could sit', thus instituting a new element of class conflict in a society which previously was organized around tribal egalitarianism.⁴⁰

The autocratic powers of the *shahi jirga* were further reinforced by exempting Baluchistan and the north-west tribal belt from the penal and civil code of British India. Instead, a special set of statutes called the Frontier Crimes Regulations (F.C.R.) was enacted, ostensibly to aid the implementation of local custom by tribal chiefs, but in effect to reinforce the privileges and powers of these chiefs. As a result of the exclusion of this region from the legal system, many *sardars* and *khans* even today have no paper titles to their lands, although the cultivators are forced to surrender part of their produce as *sardari* tax. In recent years, as the political consciousness of the toiling masses in Baluchistan has increased, they have revolted against the payment of *sardari* taxes such as the *shishak* (literally one-sixth of the produce). The *sardars* dominating the political scene have reacted with quick repression.⁴¹

The Post-Independence Political Economy

Thus, in all regions of Pakistan the British systematically strengthened feudal relations of production in the primary sector of the economy. Although they did manage to shatter whatever elements of the Asiatic mode of production had survived from the Mughal period and before, they did not succeed in replacing them with a viable capitalist mode. The transformation of land into a commodity did open the way to the injection of market forces into the agrarian economy, but this did not lead to a significant accumulation of commercial and industrial capital. Whatever elements of the capitalist mode developed as a result of the building of commercial infrastructure—railways, communications, banking, trade, etc. — they remained trapped in pre-capitalist, largely feudal relations of production. Moreover, the British neglected the industrial sector; in the new state of Pakistan it was virtually non-existent.

At independence, the feudal landlords of Pakistan, the *zamindars*, *khans* and *sardars*, emerged as a dominant class in the country, later to be joined by an embryonic national bourgeoisie comprised largely of immigrants from the industrially more developed provinces of India. One could hardly expect these feudal lords to act as agents of modernization. A number of land re-

form acts passed by various Pakistani governments, including an act to 'abolish' the *sardari* system, have failed to substantially weaken the grip of the feudal class on landownership. However, a new class of small capitalist farmers has emerged in some parts the country with the advent of the 'Green Revolution'.

Two phrases are widely used to describe the present dominant mode of production in Pakistan: 'semi-feudal-dependent capitalist' and 'colonial'. Some prefer simply to use the term capitalist, albeit in an underdeveloped sense. The debate about the validity of these terms is basically semantic. The problem with the 'semi-feudal' part of the first phrase is that it suggests a quantitative criterion, whereas we have noted above that both in its historical and regional contexts, Pakistan's feudalism bears a complex and qualitative imprint. As for the term 'colonial', it really suggests the same referents as the first phrase, i.e. a political economy characterized by strong survivals from its colonial past as well as by its present neocolonial dependency on the world's major industrial states. The notion of underdeveloped capitalism also suggests that the country is tied to the world capitalist system and that certain internal contradictions and external relations of dependency have arrested and retarded the transition of its political economy to a fully developed capitalist stage.

Whichever terminology is used, we must answer a few basic questions concerning the political economy of Pakistan in the interests of theoretical clarification and its implications for future political action. First, we must grasp, with greater precision than has been possible in this short paper, the objective reality of the mode and relations of production during different periods of Pakistan's and the subcontinent's history. This in turn should lead us to understand better the contradictions which have permitted the exploitation of the material and human resources of Pakistan. [A second point, interconnected with the first, is the question of the level of development of the forces of production, which will not only determine the policy and strategy of change, but also the nature of the class struggle itself. Marx wrote in 1853:

I know that the English millocracy intend to endow India with railways with the exclusive view of extracting at diminished expenses the cotton and other raw materials for their manufactures. But when you have once introduced machinery into the locomotion of a country, which possesses iron and coals, you are unable to withhold it from its fabrication The railway system will therefore, become, in India, the forerunner of modern industry.⁴²

Marx's analysis of 19th Century colonialism contains two strands of thought. On the one hand, he suggests, as in the above quotation, that the penetration of capitalism from outside and its corrosive effect on the old modes of production will transform Britain's South Asian colony into an autonomous capitalist state and ultimately into an industrialized socialist

society. On the other hand, there is the important strand of thought which contains, as Colin Leys points out, 'ingredients' of the underdevelopment theory as it has found expression in the recent writings of Third World Marxist scholars and in the works of Western analysts such as Baran, Frank, Wallerstein, Petras and many others, who have specialized in Third World studies from a dialectical and historical materialist framework.⁴³

Basic to the argument of this body of theory is the observation that the development of imperialist powers from the 17th Century onwards drew the colonies into a process of capital accumulation on a worldwide scale, at the same time that it subjected them to relations of political, economic and technological dependency which have progressively inhibited the liberation of their productive forces. It was in this context that Marx characterized the 'whole rule of Britain in India' as 'swinish'.⁴⁴ In 1881, he wrote about the transfer of surplus from what was then the colony of India:

What the English take from them annually in the form of rent, dividends for railways . . . pensions for military and civil servicemen for Afghanistan and other wars, etc., etc. — what they take from them without any equivalent and quite apart from what they appropriate to them annually within India — speaking only of the value of the commodities the Indians have gratuitously and annually to send over to England — it amounts to more than the total sum of income of the 60 millions of agricultural and industrial labourers of India! This is a bleeding process with a vengeance! (emphases in the original).⁴⁵

Thus Marx, towards the end of the 19th Century, was quite aware of the general direction in which colonial bonds were leading the colonized societies. After the Second World War, when England began to lift her direct rule over her colonies, they were mainly agrarian societies where significant pre-capitalist material relations and superstructure survived. In Pakistan, as in many other cases, the elements of capitalism introduced by the colonialists had not created a national bourgeoisie, but rather a weak, numerically insignificant, comprador bourgeoisie. If the appearance of a bourgeoisie means the emergence of a progressive class which advances the forces of production, Pakistan achieved independence in 1947, the United States, the newly ascendent imperial power, began to underwrite her development or, more appropriately, underdevelopment, through the liberal grant of loans, supply of experts and training of civil and military officials. The United States also thrust Pakistan into military alliances to protect her from 'the communist threat'.

Whatever opportunity existed for Pakistan in 1947 to extricate herself from all forms of colonial domination was lost once and for all. Under the guidance of American experts, a comprador bourgeoisie thrived on the availability of foreign loans, government subsidies and cheap labour. It undertook the production of import-substitution commodities rather than investing in basic reproductive industries.

At the same time Pakistan's neocolonial alliances facilitated the develop-

ment of an over-sized military and bureaucratic state apparatus, which has used direct physical coercion to preserve the relations of production which allow the domestic bourgeoisie and feudal classes to appropriate surplus value.⁴⁶ The world capitalist system uses these classes to maintain an accelerating rate of accumulation through the exploitation of the country's material and human resources. For Pakistan, this means not only growing inequalities within the country, but also a heavy debt burden, which benefits only a few but demands payment from all. Since independence, Pakistan has incurred a foreign debt of over \$10 billion, approximately one half of the country's Gross National Product and seven times its export earnings, excluding remittances by Pakistanis working abroad.⁴⁷

The next step for Pakistan's ruling classes is to enter the new international division of labour. Free trade zones will be established allowing foreign capital to install medium-technology industries which manufacture goods for export to the major industrial states.⁴⁸ This will prolong the subservience of Pakistan's comprador bourgeoisie to international capital. Thus, in the short run, we can expect a consolidation of Pakistan's dependence on the world imperialist powers. In the long run, this will lead to an intensification of internal and external contradictions which may take a revolutionary direction.

Notes

1. For an elaboration of this point see Hassan N. Gardezi, 'South Asia and the Asiatic mode of production: some conceptual and empirical problems', *Bulletin of Concerned Asian Scholars*, II, 4 (1979).
2. Romila Thapar, *A History of India*, Vol. I (Harmondsworth: Penguin Books, 1976), p. 102. It may be noted that although Emperor Ashoka embraced Buddhism as a result of his remorse at the mass killings during his Kalinga expedition, he did little to challenge Brahmanic orthodoxy, except for the spreading of certain Buddhist moral precepts. Buddhism was ultimately driven to the peripheries of the subcontinent for its survival and development.
3. Ibid., p. 145.
4. Ibid., p. 146.
5. See for example Ram Sharan Sharma, *Indian Feudalism: c. 300-1200* (Calcutta: Calcutta University Press 1965).
6. Ibid., p. 272.
7. Ibid., p. 277.
8. The elaborate inscriptions on the copper plates commemorating the land grants of the Gupta and Harsha period provide an amazing amount of detail on the conditions attached to these donations of land.
9. John Critchley, *Feudalism* (London: George Allen and Unwin 1978), p. 61.
10. Sharma, op. cit., pp. 265-6.
11. Ibid., p. 272.

12. Ibn Battuta, the famous Arab traveller who arrived in Delhi in the middle of the 14th Century, records in his travelogue the generosity of one of the Sultan's governors, who left his village and its revenues at his temporary disposal. Ibn Battuta 'gained from it about five thousand dinars'. See Ibn Battuta, *The Travels of Ibn Battuta: A.D. 1325-1354*, Vol. III, translated by H.A.R. Gibb (Cambridge: Cambridge University Press, 1971), p. 604.
13. Percival Spear, *A History of India*, Vol. 2 (Harmondsworth: Penguin Books, 1977), p. 35.
14. The phrase 'strong property' is used here in terms of the degree of freedom the holder of property has in its disposal. We agree here with Wittfogel's usage where he says that 'A holder of strong property. . . may put his property to whatever use he wants, as long as he does not interfere with the rights of other members of the commonwealth. He may employ it actively, either in the economic sphere. . . or he may employ it passively, consuming it for purposes of maintenance and pleasure. Occasionally he may decide not to use it at all. . .' See: Karl A. Wittfogel, *Oriental Despotism: A Comparative Study of Total Power* (New Haven, Conn.: Yale University Press, 1957), p. 229. In the following pages we will show that 'strong property' in this sense was the creation of British colonial policy.
15. Spear, op. cit., p. 41.
16. Wittfogel, op. cit.
17. See: 'Marx to Engels, 14 June 1853', in *Karl Marx on Colonialism and Modernization* (New York: Anchor Books, 1969), p. 456.
18. Ibn Battuta, op. cit., p. 595.
19. See Krader's interpretation of *Chach Nama* in Lawrence Krader, *The Asiatic Mode of Production* (Assen: Van Gorcum, 1979), p. 59.
20. D.D. Kosambi, *The Culture and Civilization of Ancient India in Historical Outline* (London: Routledge and Kegan Paul, 1965), p. 125.
21. Spear, op. cit., p. 45.
22. Karl Marx and Frederick Engels, *Selected Correspondence: 1844-1895* (Moscow: Progress Publications, 1975), p. 421.
23. Sir Charles Napier, who led the final campaign against Sindh, has a special reputation among the historians of the subcontinent as a ruthless plunderer who ordered the clothes removed from women's bodies to take as booty when he ransacked the palaces of Hyderabad. See: Bari Aliq, *Company Ki Hukumat* (in Urdu) (Lahore: Nia Adara, 1969), pp. 309-10.
24. A Ghosh and K. Dutt, *Development of Capitalist Relations in Agriculture (A Case Study of West Bengal 1793-1971)* (New Delhi: Peoples Publishing House, 1977), p. 3.
25. Krader, op. cit., p. 212.
26. Irfan Habib, *Agrarian System of Mughal India* (Bombay: Asia Publishing House, 1963), p. 123.
27. The Bengal case is thoroughly analysed by Ghosh and Dutt, op. cit.
28. S. S. Thorburn, *The Punjab in Peace and War* (New York: AMS Press, 1971), p. 229.
29. Ibid., p. 229.
30. Ibid., p. 231. While Thorburn and some other 19th Century colonial

administrators have mentioned the existence of villages farmed by 'brotherhoods of cultivators', it is unfortunate that research on the implied relations of production has not advanced to the level accomplished by scholars of South Indian history and sociology such as Kathleen Gough. In the writings of Karl Marx and the Russian author M.M. Kovalevesky (excerpted in Krader, op. cit., pp. 343-99) many references exist to the communal villages of the north-west, which at the time comprised the present Pakistan territory. Yet we do not know the basic features of this communal existence other than the stereotyped Marxist version of the village community system which was made to fit the discovery of the *baradari* village in Punjab.

31. See Malcolm Lyall Darling, *The Punjab Peasant in Prosperity and Debt* (New Delhi, Swaran Printing Press, 1978).
32. Thorburn, op. cit., p. 241.
33. Spear, op. cit., p. 152.
34. Thorburn, op. cit., p. 257.
35. See: Aijaz Ahmad, 'The national question in Baluchistan', *Pakistan Forum*, III, 8-9, 1973.
36. Ibid., p. 9.
37. Ibid.
38. See, for example, R. Hughes-Buller (ed.), *Baluchistan*, Imperial Gazetteers of India, Provincial Series (Oxford: Clarendon Press, n.d.).
39. Hassan N. Gardezi, 'The Marri: a case study of tribal life in Baluchistan', in Haider Ali Chaudhari, et al. (eds.), *Pakistan Sociological Perspectives* (Lahore: Ferozsons Ltd., 1968).
40. Aijaz Ahmad, 'The National Question in Baluchistan', *Pakistan Forum*, Vol. III, 8-9, 1973, p. 10.
41. Karim Bizenjo, 'The terror of Gov. Bizenjo', *Pakistan Forum*, III, 8-9, p. 30.
42. Karl Marx, 'The Future Results of the British Rule in India', in *On Colonialism* (New York: International Publishers, 1972), pp. 84-5.
43. Colin Leys, *Underdevelopment in Kenya: The Political Economy of Neo-Colonialism* (Berkeley: University of California Press, 1975).
44. *Marx to Engels, Selected Correspondence* (Moscow: Progress Publishers, 1953), p. 102.
45. 'Marx to N. F. Danielson', in Karl Marx, *On Colonialism*, p. 339.
46. For the nature of the postcolonial state, see: Hamza Alavi, 'The State in Postcolonial Societies: Pakistan and Bangladesh', in Kathleen Gough and Hari Sharma (ed.), *Imperialism and Revolution in South Asia* (New York: Monthly Review Press, 1973).
47. Rashid Amjad, 'Pakistan economy and self-sufficiency', *viewpoint*, (Lahore), V, 4.
48. See Andre Gunder Frank, 'Third World manufacturing export production', in *A Political Economy of Southeast Asia in the 1980s* (Adelaide: Veriken Press, 1979).

Part II: The State in Crisis

3. Class and State

Hamza Alavi

What is the social base of a military regime such as that which exists in Pakistan today? Is there anything unique in the class structure of Pakistan—or, for that matter in any of the post-colonial societies in which military regimes proliferate—that might account for such regimes? The question may be framed differently. Pakistan has had a succession of civilian regimes of different types as well as military regimes. Must we conclude from changes in the types of successive regimes that in each instance there has been a profound shift in the class basis of the state; that each successive type of regime is uniquely determined by the coming into power of a class other than the previously 'ruling class'? A rather different line of thought would be suggested if we acknowledge the 'relative autonomy' of the state from its class bases and proceed to examine the implications of that conception with regard to changes in types of regimes. If that principle means that there is no simple deterministic relationship between classes in power and the form of the state, what explanations do we have for changes in the latter? Are such changes therefore purely arbitrary and idiosyncratic? If not, what basis do we have, other than that of changes in the 'ruling class', to explain them. Also, if the changes in the form of the state do not necessarily represent changes in their class bases, are these changes in state forms, therefore, of no great significance?

Historical Background

The history of the state in Pakistan poses some fundamental theoretical questions and offers a fruitful case study for pursuit of such questions. We can explore them in terms of a specific problematic, namely that of alternative *modes of articulation of power*, a problematic that has been obscured by cruder renderings of class-analyses of the state. We shall examine it with reference to the class basis of Pakistan and the nature of the dominant classes in Pakistan society and particular conjunctures of struggle between classes and groups, especially the bureaucracy and the military whose class-location itself raises complex issues.

Formally, at any rate, Pakistan has had long periods of at least the trapp-

ings of parliamentary government — though, with the exception of the government of the Pakistan People's Party (PPP) in the 1970s, that could hardly be described as parliamentary *democracy* in the absence of general elections. During Pakistan's first decade, parliamentary government was interrupted, though only for a period of nine months, when the Governor General, Ghulam Mohammad, dismissed the country's parliament and nominated a 'Ministry of All-Talents', composed of bureaucrats, army officers, landlords and businessmen, to rule the country. But that regime, established by a civilian *coup d'état*, failed to legitimise itself and the parliamentary form had to be restored. The *coup d'état* of October 1958, which inaugurated the regime of Ayub Khan, was of a different character. It was established under Martial Law. But, as will be argued below, the regime itself had an essentially civilian character. Indeed, a search for legitimation and also the articulation of powerful elements in Pakistan society into the institutional structure of that regime, led very soon to the creation of the system of so-called 'Basic Democracy' that underpinned the civilian foundations of that regime. Martial Law ended when Ayub Khan inaugurated the 1962 Constitution which completed that civilian institutional structure. Within that atrophied form of representative government Ayub Khan headed a political party and his regime had the form of a party-political government.

The regime of Yahya Khan was, by contrast, purely military in character, notwithstanding the appointment of civilian ministers. In considering the problem of modes of articulation of power, it is worth noting that the Yahya regime was, nevertheless, committed to holding national general elections and the restoration of civilian government; the government that eventually took office under that dispensation was that of Zulfikar Ali Bhutto and the PPP. Why was that commitment undertaken in the first place and what were the conditions under which it was fulfilled? A simplistic theory for which the state, at every turn, merely reflects the needs and wishes of a single ruling class, would have no answers to that question. The emergence of the PPP regime, it might be argued, marked a break from the past—it was more than just a reversion to party political government. Unlike the weak party political regimes under the parliamentary system of the first decade, the PPP government was the first in Pakistan to have a clear popular mandate and be effectively under the command of the party (and its leader). It will be argued below that, until the establishment of the PPP government, effective power throughout Pakistan's history, was firmly in the hands of a bureaucratic-military oligarchy, notwithstanding successive changes in the form of government and, in the first decade, the installation of political parties and political leaders apparently in charge of the state apparatus.¹ The CSP, the core of the bureaucracy, was abolished by the PPP government, and bureaucratic power was greatly weakened. It was the military that was at the forefront of the forces that engineered the downfall of the PPP government in 1977, and the regime of General Zia-ul Haq has the distinction of being the first unmitigated military regime in Pakistan. It has given clear indication that it intends to stay in power (until an 'Islamic' economy and polity have been created in

Pakistan, which points to an indefinite future). This is quite unlike previous military regimes, which came into power under conditions of political crises, and limited their own role to the stabilization of the existing structure of power and preparation for restoration of some form of civilian representative government and an electoral system by means of which state power would be 'legitimised'. The present military regime, therefore, is different in character from any other that preceded it.

In order to evaluate the character and roles of the successive regimes in Pakistan, we need a more precise understanding of the notion of 'relative autonomy' of the state and the manner in which the state and civil society in Pakistan are mutually articulated. We need to evaluate, specifically, the social character of the civil bureaucracy and the military (as well as their place in the structure of state power), their class origins, class affiliations and class commitments with reference to the contending interests of the dominant classes and the struggle of subordinate classes. Furthermore, if it is argued that they enjoy a relative autonomy vis-a-vis the dominant classes, we must consider not only the specific interests that the civil bureaucracy and the military have, over and above those of the dominant classes, but also the limits within which such interests and purposes can be pursued by them.

The State as an Alien Force

We can begin by recognizing a plain fact: that there is a widespread tendency on the part of regimes in peripheral capitalist societies, such as Pakistan, to acquire an authoritarian character and to proliferate military dictatorships. It is not the subordinate classes alone which have to confront the state as an alien force. The economically dominant classes too, have to contend with it as such; the administrative arm of the state is deployed against them even while upholding their fundamental interests. Unlike the advanced capitalist countries where the state has developed in the wake of a single dominant class, and state institutions and powers have developed in keeping with the needs and demands of that class, this is not quite the case in peripheral capitalist countries, which are subject to neo-colonial influences. There we find a very considerable accretion of powers of control and regulation over economically dominant classes, particularly the indigenous bourgeoisie, in the hands of a powerful and dominant state apparatus over which they do not have direct control. I have, on a previous occasion, referred to this syndrome as that of the 'overdeveloped state', in the sense that the excessive enlargement of powers of control and regulation that the state acquires, extend far beyond the logic of what is necessary in the interests of the orderly functioning of the peripheral capitalist economies over which the state presides, and specific needs of each of the dominant classes.

I have argued that this (relatively autonomous 'overdevelopment') of the state in such peripheral capitalist societies as Pakistan, and its dominating presence in civil society (is related) to the plurality of economically domi-

nant classes in these societies, namely, metropolitan capital, the indigenous bourgeoisie, and landowning classes, whose rival interests and competing demands are mediated by the state. The post-colonial state which thus sits in judgement over them must enjoy a degree of freedom vis-a-vis each of them individually, though collectively it must remain subject to imperatives of the social order in which these rival classes are together ensconced and the structural imperatives of peripheral capitalism. On the question of relative autonomy of the state vis-a-vis these classes, one might point out that even the metropolitan bourgeoisie, the most powerful of them (and the metropolitan states on their behalf) must now negotiate their demands with post-colonial states, as Pakistan's experience has amply demonstrated, although they operate from a position of very considerable power, which the post-colonial state—given its heavy financial, economic and military dependence on them—cannot lightly disregard. But they, too, must occasionally find themselves unable to realize what they demand. They cannot impose their demands unilaterally on the post-colonial state, as was the case under colonial rule, or as cruder versions of dependency theory would sometimes suggest.

The post-colonial state, it must be emphasized, functions within the structural framework of peripheral capitalism and its imperatives and constraints. It is subject to the collective interests of the three economically dominant classes, which together thus constitute the ruling bloc in power. Some clarification is needed here. It is a basic tenet of historical materialism that there is a fundamental and irreconcilable conflict of interest and 'contradiction' between rival economically dominant classes that are located in different modes of production (social orders) and that it is such contradiction that is the hinge of history. Thus, for example, with the development of capitalism in a feudal society, e.g. Russia at the turn of the century, the classes located in the capitalist mode of production posed a decisive challenge to the forces of feudalism, thus determining the stage of bourgeois-democratic revolution in Russia.

In the case of colonial societies, it was held that a similar contradiction exists between the indigenous bourgeoisie which, with its development, becomes the 'national bourgeoisie' challenging both imperialism and the landowning classes which are taken to be 'feudal'. Such a view disregards the profound structural changes that were brought about as a consequence of the impact of colonial capital, constituting the structure of peripheral capitalism in which all the three economically dominant classes, the metropolitan bourgeoisie, the indigenous bourgeoisie and the landowning classes are, together, located. I cannot elaborate here on that subject which I have examined elsewhere both with reference to the historical experience of India under British colonialism³ and at the level of theory.⁴ What follows from that analysis is that because all the three economically dominant classes are located together within the structure of peripheral capitalism (or the colonial mode of production) there is no structural contradiction between them and together they constitute a bloc in power in the post-colonial state. The post-colonial state, as well as these classes, is subject to the imperatives of peripheral capitalism

and must act in accordance with its demands.

A key concept for our analysis, therefore, is that of the 'structural imperative' (which I have advanced elsewhere), which is a crucial concept for an understanding of the problem of the state under peripheral capitalism and the limits to its 'relative autonomy'.⁵ Here, we can give only a very brief indication of what it implies. It suggests that the state does not act only in response to the expressed demands of the economically dominant classes and only at their behest. Rather, the post-colonial state presides over the working of the peripheral capitalist economy in accordance with its internal logic. Those who run the state apparatus recognize and subscribe to that logic, the structural imperative of peripheral capitalism, which imposes itself at each step, as well as in the long run, upon the making of public policy. While the state responds to the competing demands of the rival classes in society, it also calculates independently what is called for in the running of the peripheral capitalist economy. There may be miscalculations and temporary disjunctions between the objective needs of peripheral capitalism and state policies. But, in the final analysis, the demands of peripheral capitalism impose themselves upon the state as an inexorable necessity. This conception is important for an understanding of the full implications and future consequences of, for example, the ideology of the present military regime in Pakistan and its avowed claim to be laying the foundations of an Islamic economy and polity.

Class Formation and Class Alignments in Pakistan

As is well known, at the time of independence in 1947, industrial capital was little developed in the territory that constitutes Pakistan today. There were only a handful of industrial undertakings of any significant size, such as the Dalmia Cement Factory in Karachi, Sir Sri Ram's cotton mills in Lyallpur (now Faisalabad) and the Premier Sugar Mills in Mardan. These were in the hands of Hindu owners who were driven out of the country at the time of Partition. Nor was there foreign capital invested in industry in the region. It too, like indigenous capital, was primarily engaged in trade, shipping and finance, with small mining interests. The largest enterprise at the time was the Moghalpura Railway Workshop in Lahore; which was in the public sector.

The class that controlled the largest sector of Pakistan's economy was that of the landowners who, at Partition also took over the places left vacant by the exodus of Hindu traders in the local markets for produce (*mandis*) in district and sub-district towns. In due course they also expanded their interests in agro-based industries, such as cotton ginning, flour milling and rice husking as well as transport. They dominated the rural economy. Later some big landowners were to diversify their interests by entering the field of large scale industry.

It is very difficult to assess with any precision the relative weights of different strata in the rural class structure because of unreliable and incomplete statistics. According to the 1972 Census of Agriculture, 2% of agricultural

holdings (those over 100 acres accounted for 28% of the land. Even this is widely recognized as being a gross underestimate of the degree of concentration of land, because owners of large holdings do not report them as such for fear of land reform. At the other end of the scale, the Census showed that 76% of the holdings (of below 12.5 acres in size) accounted for no more than 24% of the area. Of these, 9% of the smallest holdings had no more than a quarter of 1% of the farm area. The rural economy and the rural polity are dominated by a handful of landowners with large holdings.

The 'middle peasant' stratum, i.e. those who cultivate their own land, is small. It consists of those who cultivate between, say, 5 acres and 12.5 acres — 5 acres being the minimum amount of land reckoned to provide a livelihood without need for supplementary income in the rich canal colony areas and 12.5 acres being the maximum that can be cultivated by a family with one pair of bullocks. The actual range would vary in different areas and different conditions, but these figures provide a reasonable basis on which to formulate a broad picture. Only 29% of the farms came into that category in 1972, accounting for no more than 17% of the farm area. Those with very small holdings depend upon labouring for landowners, especially during harvest, to supplement their income. Their economic dependence is translated into political subordination and domination. The land of the larger landholders, say those who owned more than 15 or 20 acres, used to be cultivated by sharecroppers. As a result of extensive farm mechanization in the 1960s and 1970s, sharecroppers have been extensively displaced. Only a few of them have been re-employed as full time labourers. The majority depend upon casual labour, especially at harvest time, and commute to factories and to towns for casual work especially in building construction.

It is being argued by some, such as Burki, that as a result of farm mechanization and the introduction of modern technology in agriculture, a new class of 'middle class farmers' agrarian capitalists has emerged in the countryside, displacing the old 'feudal' class who used to employ sharecroppers.⁶ These new 'middle class' capitalist farmers, he suggests, are those who own between 50 acres and 100 acres. He associates the Ayub military *coup*, supposedly a 'revolution', with the rise of this class. His argument is baseless being built on fictitious data and fractured logic. It is, in fact surprising, that in reaching his conclusion he sets aside data provided in 1969 by the Agricultural Census Organization for the Farm Mechanization Committee, which is quite clear on this point. From the results of that survey we find that the big landlords themselves were in the forefront of farm mechanization. We find that 86.5% of the cultivated area of mechanized farms was in the hands of owners with holdings above 100 acres; of this, no less than 43% with holdings of 500 acres and over. By contrast, Burki's category of those who own between 50 and 100 acres, who are supposed to have taken over land from the big landowners (who, he says are investing outside agriculture) accounted for no more than 10% of the cultivated farm area in the mechanized farm sector.⁷

Although far reaching changes have taken place in Pakistani agriculture in the last two decades, both the economic and the political power of big land-

owners is undiminished. Successive land reforms have barely scratched the surface. Political power in the rural areas is organized on the basis of factions that are dominated by big landowners, typically those who own a few hundred acres. They carry with them their economically dependent sharecroppers and labourers and those of the landlord's kinsmen and allies. They recruit groups of 'middle peasants' by a variety of means, including sheer intimidation. Even in the elections of the 1970s, notwithstanding myths to the contrary, PPP success in the rural areas was grounded on its alliances with powerful local level landowners, although it is undoubtedly true that there was a shift in voting on the part of a section of the rural community which responded to the populist rhetoric and promises of the PPP. The landlords, have thus always been well represented in all political parties. Their *class representation* in the state, however, has not depended solely on their positions in political parties. Above all, officers of the civilian bureaucracy and the military are drawn from that class; moreover, successive regimes have made grants of land to such officers. Because of that, the landlord class is well entrenched within the state apparatus itself.

In comparison with landowners, the indigenous bourgeoisie in Pakistan has always been rather weak, both economically and politically. Before independence, trade and commerce in the region that came to be Pakistan was largely in the hands of Hindus who were driven out of the country. Their place was taken by Muslim businessmen who came from India, Burma and East Africa. A substantial proportion of these were Gujarati-speaking businessmen whose links with the Urdu-speaking political leadership, bureaucracy and military were tenuous—consisting essentially of the cash nexus through bribery. Socially, they were considered inferior. There is, however, another section of the bourgeoisie, at first less developed, which is now increasingly more important. This consists of Punjabi businessmen and Urdu-speaking businessmen from Northern India. In a society in which colonial values, that rate landownership and positions in the bureaucracy more highly than commerce, still persist, they are only slightly better placed than the Gujaratis, by virtue of their closer ethnic links with the bureaucracy.

The Indigenous Bourgeoisie and Industrial Development

Despite the weakness of the bourgeoisie, it is remarkable that from the outset, as soon as Pakistan was created, state policy was directed to the fostering of industrial development, for which the bourgeoisie was given all possible support and aid. If we rely exclusively on the power of classes to obtain their preferred policies to explain their existence, we would find it hard to explain a whole series of measures that were undertaken in the 1950s, not to speak of later years. The explanation lies, however, in an ideological fact, namely, a belief that was held with deep conviction at the time of the creation of Pakistan that, unlike India, Pakistan would not survive as an independent state because, lacking an industrial base, its economy would not be viable. This

was the argument, whatever its merits, advanced by the leadership of the Indian National Congress, for accepting Partition overnight, after having stood implacably for the idea of an 'indivisible' India for decades; an understandable ploy vis-a-vis their followers. The leadership of Pakistan, both politicians and bureaucrats, believed it to be an absolute and inexorable truth. It was the structure of peripheral capitalism, however, that made such a policy meaningful and viable. But the fact remains, that the initiative and the drive for building industrial capital came from the state rather than a bourgeoisie that was yet to take shape. As a senior officer of the State Bank of Pakistan, the author recalls discussions at the highest levels about this self-imposed task of the new state, and the real concern that was felt because the erstwhile colonial mercantile bourgeoisie was so slow in responding.

The government of Pakistan, supposedly dominated by a 'feudal' ruling class (which is a gross misconception) lost no time in searching for ways and means of turning the indigenous merchant capital into industrial capital. The mercantile bourgeoisie, however, showed little inclination as yet to respond to the government's advice and persuasion, in view of the wide scope that existed for profiteering in commerce, securing immediate short-term gains, as against the uncertainties and the long-term character of industrial investment. One cannot, in the circumstances, explain the government's determined course of action in this field as a response to a demand from a bourgeoisie that did not as yet exist. One of the first acts of the new state was, immediately after independence, to convene an industries conference in September 1947. Businessmen were coaxed and cajoled, and fiscal incentives and various forms of assistance were offered. But so far there was relatively little response.

In view of the poor response, an Investment Enquiry Committee was set up in 1949, to examine why indigenous merchant capital was so reluctant to enter the field of industry. Even in 1953, by which time industrial investment had begun to get under way, the Finance Minister expressed the anxiety that was still felt by the state when, announcing yet more generous tax incentives for industrial investment, he spoke of reluctance to invest in industry as a 'grave defect in our national character'. In 1949, however, two important measures calculated to foster industrial investment had been undertaken. Firstly, the state set up the Pakistan Industrial Finance Corporation, which was later to become the Industrial Development Bank of Pakistan; in 1957, with state sponsorship, World Bank support and private participation, the Pakistan Industrial Credit and Investment Corporation was set up, as the premier investment bank in the country.

Secondly, in September 1949 the pound sterling was devalued vis-a-vis the U.S. dollar, with a large number of currencies, including those of sterling area (the Indian rupee being one of them) following suit. Nevertheless Pakistan decided to maintain the dollar parity of the Pakistan rupee, in effect bringing about a substantial appreciation in its exchange value vis-a-vis the pound sterling and the currencies that had devalued with it (with the exception of the U.S.A., Pakistan's foreign trade, at that time, was conducted on a

pound sterling basis through London banks). This substantial appreciation of the exchange rate of the Pakistan rupee had the effect of lowering the rupee cost of imports into Pakistan at the cost of low rupee prices for exports, which at the time consisted wholly of agricultural commodities. This had a double consequence as far as the bourgeoisie was concerned. Because the internal prices of imported commodities remained at very high levels due to scarcity and severe import controls, the lowering of their cost to licensed importers brought windfall profits for the mercantile bourgeoisie, making available to them large amounts of liquid capital which was soon to find its way into industrial investment. Secondly, the over-valued rupee greatly cheapened the cost of industrial investment by substantially lowering the cost of machinery and equipment, which was imported from abroad and constituted a very large proportion of the total investment on projects—about two-thirds. Given lowered costs and continuing high prices of consumer goods, the profit margin in industrial investment was also widened. The Pakistani mercantile bourgeoisie was all set to break through the chrysalis and emerge as a brand new industrial bourgeoisie.

At this time, a struggle took place inside the government over the direction that this policy was taking. The Minister of Commerce, Fazlur Rehman, who was very strongly under the influence of the Commerce Secretary, (Sir Alexander MacFarquhar, a survival from the colonial era and a strong representative of British colonial interests) pressed for an Open General License for imports, thus undermining the incentives being given to prospective indigenous manufacturers. As against that, Ghulam Mohammad, the Finance Minister, and Zahid Hussain, the Governor of the State Bank of Pakistan, fought the battle for the incipient bourgeoisie, and measures were undertaken by the State Bank which were designed in part to counteract those being instituted by the Commerce Ministry. The issue was resolved by the situation that emerged after the end of the Korean War boom, when Pakistan faced a deep and long-term foreign exchange crisis that made it no longer viable for the Commerce Ministry to pursue a liberal import policy. Now the prospective industrialists had a built-in guarantee of the protection that the foreign exchange shortage offered them (far more potent than fiscal protection) that was, moreover, grounded in objective constraints, and was independent of the uncertainties of the whims and wishes of the government. They could now embark on industrial investment with a guarantee of earning handsome profits.

The government moved in quickly to underpin the new interest that the mercantile bourgeoisie was now showing in moving into industrial investment. The state-sponsored Pakistan Industrial Development Corporation (PIDC) began to function from 1952, with a representative of one of the biggest business families on its three man board. The head of the PIDC, Ghulam Faruq, a senior bureaucrat, was himself soon to become a major industrialist in the country. The PIDC initiated industrial projects which, in the course of time, were turned over as running concerns to private industrialists at bargain prices. It also initiated several joint ventures in partnership with private

capital. But, its orbit also encompassed servicing private enterprise aspiring to enter the field of industry by providing technical information and advice, carrying out feasibility studies and planning its projects. Thus, the nascent bourgeoisie, with considerable state assistance and prompting, having begun its career in the mid-fifties, really got under way with a period of self-confident growth by the 1960s, by which time the regime of Ayub Khan appeared on the scene.

Not only did the development of industrial capitalism take place under state sponsorship, but also within the framework of elaborate bureaucratic controls which, far too often, had little intrinsic justification. Many of these originated in the pre-independence period, when the colonial regime had sought to restrict the growth of indigenous industrial capitalism in India, which had received a particularly strong impetus during the second world war. One example of such regulations is the Control of Capital Issues that prohibited the setting up of corporate enterprises without sanction from the government. Such controls had little justification in independent Pakistan, nevertheless, they were not only retained but greatly extended. In fact, the controls became so numerous and complicated that at one stage the government had to set up an Investment Promotion Bureau to act as a clearing house for information for businessmen, and to guide them through the minefield of restrictions that they had to overcome; and the permits and licences that they had to obtain in order to carry on. This enabled the bureaucracy to tighten its grip over individual entrepreneurs and thereby over the bourgeoisie as a class. This did not alter the fact that the state, nevertheless, remained subject to the imperatives of peripheral capitalism. This complexity all too often escapes the understanding of those who conceive of class domination in voluntarist terms or, alternatively, who interpret the relationship of class and state in deterministic structural terms, unable to grasp the dialectic underlying this apparent contradiction. It is extremely important to grasp this contradiction and tension in the relationship between the state bureaucracy and the bourgeoisie in Pakistan if we are to understand the dynamics of Pakistan's capitalist development under tight state control.

Subordination of members of the bourgeoisie to the bureaucracy had the effect of providing the latter with opportunities for bribery on a large scale, which not only underpinned their conspicuous consumption but also left them with surplus funds which found their way into investment, not only in real estate, but also in businesses of all kinds, either in partnership with businessmen or, not infrequently, through their own concerns set up in the names of their wives or close relatives. Not surprisingly, some families, starting from influential positions of their members in the bureaucracy or the military, soon turned out to be owners of some of the largest business enterprises in the country. They now represented their new found interests in the state, which improved the class representation of the bourgeoisie to some degree. But that did little to mitigate the structure of bureaucratic controls over business, although some slight movement in that direction was made under the regime of Ayub Khan, whose family too, had become the owners

of one of the largest businesses in the country.

The structure of bureaucratic controls had effects of another kind also. Given the controls, only those businessmen who were able to negotiate their way through the bureaucratic network successfully were able to get ahead. That situation, therefore, favoured the less scrupulous of them at the expense of the more cautious and 'honest'. It also favoured the big against the small, not only because the former had larger resources to offer by way of came to have a decided advantage in their dealings over smaller businessmen for whom a project might be only a single big undertaking. The latter tended to lose out in the race, and the bigger businessmen tended to get bigger faster. Given the elaborate framework of state control over business enterprise, therefore, the bigger capitalists had an edge over their smaller rivals not only because of their greater economic power, but also by virtue of the particular role and mode of operation of the state. The resulting extreme concentration of wealth in Pakistan is notorious, and has been widely commented on, including by the then Chief Economist of the Planning Commission. By 1968, 22 families controlled 66% of the industrial capital of the country.

Unlike the Indian bourgeoisie, which was well entrenched in the ruling Congress Party, the indigenous bourgeoisie in Pakistan had not succeeded in establishing its class representation through a political party—political parties were dominated by landowners. The class representation of the bourgeoisie was secured primarily by virtue of its links and dealings with the bureaucracy. It was a precarious and undependable link, for the bourgeoisie was unable to back up its class demands vis-a-vis the state by deployment of political force. Its demands were to be met only insofar as the bureaucracy itself acquired a vested interest in their progress, in one form or another. When the crisis came in the 1970s, when the bureaucracy itself was badly shaken up by the ascendancy of the PPP and the installation of the regime of Mr. Bhutto, the indigenous bourgeoisie just caved in.

In contrast to its headlong progress in the 1950s and 1960s, the nascent Pakistani bourgeoisie suffered a severe setback in the 1970s. The level of private investment, especially in industry, fell precipitately as ongoing projects were abandoned. The difficulties of the demoralized Pakistani bourgeoisie at the time, arose from both internal as well as external factors. In part its demoralization stemmed from the rise of working class militancy, which the populist stance of the PPP regime, initially at least, seemed to encourage, to the dismay and discomfiture of the bourgeoisie. Its worst fears were aroused by the nationalization programme of the PPP. Seen in perspective, the scope of this programme itself was modest, in comparison, say, with India, where the indigenous bourgeoisie has flourished notwithstanding such measures. In Pakistan, the bourgeoisie was, by comparison, inexperienced and both economically and politically much weaker.

The confidence of the bourgeoisie was broken not just by the PPP government's actual measures, but more so by the sheer capricious unpredictability of Mr. Bhutto and his government. It feared that much worse was to come. That fear seemed to be confirmed by the nationalization of the vegetable

ghee (hydrogenated vegetable cooking oil) industry in September 1973, notwithstanding assurances that had earlier been given by Bhutto that his nationalization programme had been completed and that no further nationalization would take place. It has been pointed out that the case of that industry was unique, and there were special circumstances that brought about its nationalization despite the government's regularly reiterated assurances to the contrary. But, by that time, the bourgeoisie had decisively lost faith in Bhutto's words and assurances and was no longer prepared to invest in the country, with its attendant risks, when it had other alternatives.

As an explanation of the collapse of private industrial investment in the 1970s, however, we must look also to the world-wide economic crisis. On the one hand the export markets for Pakistan's major products, especially cotton textiles, collapsed. On the other hand, prices of capital goods and also prices of current inputs, above all energy, rocketed upwards. Moreover, at this time, the run-down, obsolete and inefficient machinery in Pakistan's textiles factories was overdue for renewal. But the investment climate was bleak—not one in which the businessmen would undertake large capital investments involving a qualitatively higher outlay than what was needed earlier. At a time when investment prospects in Pakistan looked very bad, new possibilities for making unprecedented profits opened up for them with the oil boom in West Asia. They turned their attention, therefore, to the Persian Gulf and the new prospects there. Their interests in Pakistan itself were now regarded as secondary. Given the alternative of profitable activity in the Middle East, there was less pressure on them to seek solutions within Pakistan itself.

For its part, the Bhutto regime very soon back-tracked on its policy towards the bourgeoisie. Whereas it had initially sought to profit politically from working class militancy, by its resort to a populist rhetoric, now it began to repress the working class movement quite brutally. It began to woo the bourgeoisie. It provided special incentives for them in the budgets for 1974-75 and 1975-76. It reiterated assurances that it would not resort to further nationalization. The radical rank and file of the PPP was repressed by its own government. 'Marxist' ministers were sacked. Some of the worst reactionary elements in the country took their place. The reversal was undoubtedly genuine. It is another matter that all this had little effect in winning back the confidence and support of the bourgeoisie. But how do we explain this reversal of the PPP policies from one that was ostensibly anti-capitalist to one that sought to restore capitalist development?

Was the reversal of Mr. Bhutto's position cynically hypocritical, perverse and unreliable, as the Pakistani bourgeoisie still suspected? Was it just a manifestation of his erratic and capricious character? Was it no more than a 'ploy', as some of his apologists try to explain it away—if so, to what purpose? Such explanations miss the essential problem that made Bhutto jettison his radical policies and radical colleagues halfway through his government. The issue was simply this. Given the inability or the unwillingness of the PPP regime to procure a revolutionary rupture with peripheral capitalism, notwithstanding the slogans, and to move decisively towards a socialist

alternative, it had little option but to surrender to the structural imperatives of capitalist society. Note that this turn-around was not in response to the wishes or pressure of the bourgeoisie itself. By this time it had shown itself to be indifferent to the government's appeals. The pressure came from the logic of the system itself—if you do not scrap it, you must run it. Failing a decisive move towards socialism, the PPP regime had little alternative but to back-track. A decisive move forward could not have been made successfully without the unity and effective organization of forces of the Left, and without dismantling the entrenched structures of power in the state that, ultimately, defend the existing social order.

Expansion of public sector investments is regarded as a major step in the PPP regime's 'advance to socialism'. Industrial investment in the public sector, taken at current prices and compared to the levels in the immediately preceding years, do appear to show a marked increase under the PPP regime, both in absolute terms as well as relative to the levels of private investment. In a period of rapid inflation such data can be misleading and need to be looked at more closely. Let us, therefore, examine the relative magnitudes of private and public sector investments as shown in the accompanying table.

Table 3.1
Private and Public Sector Industrial Investments in Pakistan
(Rupees million)

	<i>Private Sector</i>		<i>Public Sector</i>	
	<i>at current prices</i>	<i>at constant, 1959-60, prices</i>	<i>at current prices</i>	<i>at constant, 1959-60, prices</i>
1959-60	1,020.0	1,020.0	200.0	200.0
1969-70	1,225.5	839.38	187.7	128.56
1970-71	1,224.0	806.32	68.2	44.92
1971-72	1,016.0	634.6	78.5	49.03
1972-73	708.0	391.37	249.5	137.92
1973-74	645.3	283.02	624.0	273.68
1974-75	982.0	373.66	1,658.0	630.89

Source: Government of Pakistan, *Pakistan Economic Survey 1975-76*. Investment at (1959-60) constant prices has been calculated on the basis of the 'Investment Deflator Price Index' as given in the survey. Private sector figures cover large and medium scale industries.

In Table 3.2 we show the relative proportions of private and public sector investments for later years at current prices—we do not have indices to convert them into constant prices.

Table 3.2
Industrial Investment at current prices

	<i>Private Sector</i>		<i>Public Sector</i>	
	(Rs. Million)	% of total	(Rs. Million)	% of total
1969-70	1,208.2	87.1	179.2	12.9
1974-75	990.4	48.2	1,064.9	51.8
1975-76	1,309.0	29.2	3,181.6	70.8
1976-77	1,526.3	25.3	4,514.0	74.7
1977-78	1,539.1	20.0	6,143.0	80.0
1978-79	1,637.8	19.8	6,646.6	80.2

Source: Government of Pakistan — *Pakistan Basic Facts 1979-80*

From our two tables we find that there is a sharp collapse in private investment after 1971—it stabilizes at very low levels as from 1976-77, the last year of the PPP regime, probably continuing to decline a little in real terms. On the other hand, there is a dramatic rise in the level of public sector industrial investment, even allowing for adjustment on account of inflation. It would be a mistake, however, to interpret this as evidence of the PPP trying to build a wholly new type of economy in Pakistan—a 'socialist' economy. The bulk of the rise was on account of ongoing public sector projects initiated by previous regimes. 63% of the public sector investment was, by 1977-78, on account of the Pakistan steel mill, a long standing project, 15% for fertilizer plants, and 10.9% for cement factories—the latter being new PPP projects. What is quite clear is that no attempt was, in fact, made by the PPP to extend the public sector into fields in which the private sector traditionally operated. There was no question of socialist industrialization as a *substitute* for private investment which had collapsed.

The PPP 'Economic Reform' announced in January 1972, took over the management (but not yet ownership) of no more than 32 industrial units under 10 basic categories. Additionally, the vegetable ghee industry was taken over in September 1973. They were all 'nationalized' in November 1973. This was a blow, more for the morale of the bourgeoisie than their entrenched position in the economy. The PPP made no serious effort to displace private capital from its role under the structure of peripheral capitalism; and to substitute it, in the light of its collapse, by a large scale extension of the public sector in a bid for rapid industrialization of the country. The PPP public sector policy only marginally encroached on the previously accepted domain of private enterprise. It continued to reaffirm its commitment to a 'mixed economy' and exhorted the private sector to resume investing in industry in Pakistan. The bureaucratically run state corporations were used by the PPP leadership as channels for patronage, rather than as leading sectors

for an economic transformation of the country. They turned out to be seats of corruption, nepotism and inefficiency, and are now so badly run down that despite General Zia's offer to hand them back, businessmen are unwilling to take them. In so far as private investment is now taking place, it is in new projects.

In contrast to the weak and ineffective indigenous bourgeoisie, the metropolitan bourgeoisie, especially American capital, is the most powerful of the economically dominant classes operating in Pakistan. This class is sometimes thought to be external to social formations such as that of Pakistan, simply because of its external origin and roots. But it has a structural presence in the societies in which it chooses to operate, a presence, moreover, which also takes concrete forms and is locally active. It not only has vastly greater economic power. Its political power is also greatly enhanced by virtue of its double representation in the state of Pakistan, both directly through its own agencies, and indirectly (but by no means ineffectively) through its own metropolitan state which deals on its behalf with the state of Pakistan.

Relationship with Metropolitan Capital



The history of Pakistan's relationship with metropolitan capital is, however, complex and sometimes contradictory. When Pakistan was created, foreign investment in the country was relatively small. Much of it, British in origin, was in fact in plantations and trade in East Pakistan, now Bangladesh. There are many fields in which foreign capital now operates in Pakistan, either directly or in partnership with local capital, especially in fields such as pharmaceutical products. But the principal form in which foreign capital has come into the country is not through direct investments, but rather in the form of credits dispensed through state-created investment banks such as PICIC and the Investment Development Bank of Pakistan (IDBP) in the form of tied credits, which have thereby exploited local markets for the products of industries in the metropolitan countries that manufacture industrial equipment. It also has a large stake in projects undertaken by the state itself.

The system of tied credits has enabled foreign suppliers to mark up their prices very substantially, the Pakistani industrialists having no option to buy competitively in the open market. They have compensated for this by over-invoicing the machinery purchased by them and selling the excess foreign exchange so obtained, in the black market, thus recovering the premium they have paid. In the end, it has been the Pakistani consumer who has had to pay high prices for the products of the over-capitalized industry that resulted from such practices. In addition to credits to private industry, the major field for foreign capital has been in state development projects where, also, tied credits have played a part in over-pricing of purchases. An examination of 20 projects in the public sector revealed over-pricing of the order of 51%.⁸

Pakistan was soon to become the principal ally of the U.S. in South Asia,

indeed its satellite. The military alliance forged in the mid-fifties, and Pakistan's unmitigated economic dependence on the U.S., has generally obscured the fact that this relationship has been uneven, reflecting changing evaluation by the U.S. of the utility of its relationship with Pakistan in the light of its other interests. U.S. interest in drawing Pakistan into a close alliance developed after the crisis of its strategy in the oil-bearing region of West Asia, following Mossadeq's nationalization of Iranian oil in 1951. Earlier, Pakistan's Prime Minister had attempted unsuccessfully to woo the U.S. which, at the time, showed itself to be disinterested. Given the embittered relationships between India and Pakistan, it was not then in the U.S. interest to put at risk its larger stake in India for the little that Pakistan had to offer. In that period, therefore, Pakistan had found itself pursuing in effect a 'non-aligned' foreign policy, though not out of its own choice. The weakening of links with imperialist powers during the first few years of its existence did provide some sections of the Pakistani bureaucracy, within limits, with the opportunity to pursue 'nationalist' policies. A little known, but extremely important example of this, was a measure that blocked expansion of foreign banks and reserved domestic banking for Pakistani capital, which expanded with great rapidity and success in that field. In 1948, a law that in British India had discriminated against indigenous banks was changed⁹ and reverse discrimination, against foreign banks, was introduced. It was decreed that the latter would not be permitted to establish branches at other than port towns, as their proper sphere of activity was to finance foreign trade. This measure was quite decisive in reserving the entire field of domestic banking for the nascent Pakistani bourgeoisie. It was not until the 1960s, against the background of increasing dependence of Pakistan on the U.S., that this was changed, and foreign banks, including American banks, expanded their operations to inland cities where Pakistani banks were, however, already well established.

Foreign aid programmes, mostly loans and credits, mainly from the U.S. got under way in the 1950s, after Pakistan had been enlisted to serve the purposes of the Western military strategy for West Asia. But these programmes of tied credits were soon to have a logic and purpose of their own, and continued independently of the military alliance which, having been put to test and found wanting, at the time of the Kassem coup in Iraq in 1958, was abandoned when the U.S. worked out a new strategy for the region in the 1960s. Once again, Pakistan was left to fend for itself in the international arena, and it described its new foreign 'policy' as one of bilateralism, in due course to be characterized as one of non-alignment. The traumatic moment in Pakistan's relationship with the U.S. was reached in 1965 when, against the background of war with India (which had been receiving massive military aid from the U.S. and the West in the 1960s after India's conflict with China) all military assistance and arms sales were stopped. This left behind a sense of betrayal amongst those who had naively believed that the U.S. alliance strengthened Pakistan's hands in its disputes with India. History is being repeated though, because the U.S. and the West have resumed military assistance (sales of arms against credits) in return for Pakistan's involvement in

their confrontation with Afghanistan. In sum, the precise nature of Pakistan's relationship with imperialist powers has varied from phase to phase, but always for reasons that have concerned the interests of metropolitan capital and metropolitan states, and on their initiative rather than that of Pakistan.

Economically, Pakistan is heavily dependent on the metropolitan states, especially the U.S. The tied credits have had the effect of allowing foreign capital to establish a grip over Pakistan's development expenditure, so that machinery and equipment is supplied at higher than normal prices, and large amounts are extracted for consultancy, planning and survey fees.¹⁰ In return, Pakistan has accumulated a vast burden of foreign debt, which, (including Bangladesh) amounted to \$0.2 billion in 1960. At the end of 1979, for Pakistan alone, it stood at \$8.00 billion, or one third of Pakistan's GNP. In 1979-80 debt servicing absorbed 38% of Pakistan's export earnings, notwithstanding the fact that it was a particularly good year for exports which had increased by 44% over the previous year. Aid from OPEC countries has varied erratically from year to year and is relatively small in amount, the bulk of the aid being from Western countries.

In contrast to the power of the three economically dominant classes, the position of subordinate classes has been very weak. The peasantry and landless labourers in the countryside, who have occasionally demonstrated localized militancy, are not organized on class lines, but are controlled by landlord dominated 'factions', on which the PPP too largely relied for its electoral success in rural areas; and, ultimately it was the eventual alienation of the PPP from that class base that guaranteed its defeat at the hands of the military-backed movement against Bhutto in 1977.

The industrial working class, which was extremely small at the time of independence, has grown in size and developed a certain degree of militancy and organization. It made its mark in the massive popular upheaval against Ayub Khan in 1968-69. But trade unions are as yet weak, and have been weakened further against the background of the decline of Pakistan industries in the late 1970s, and now suffer also from repression from the military regime. Militant cadres have, over the years, been subject to arbitrary arrest and imprisonment without trial. The conditions are much worse now. The working class is also divided along ethnic lines. In the first phase of industrialization of Pakistan, which was concentrated in Karachi, Urdu speaking refugees from India provided the bulk of the working class. In the course of later expansion, which also spread to other cities in the country, the bulk of the new recruits were drawn from the impoverished agrarian regions of north-west Punjab and, especially, the North-West Frontier Province. Ethnic differences between them have been exploited by the employers, and by the *Jamaat-e-Islami*, the extreme Right wing political party, which has had active support from U.S. agencies, landowners and sections of the bourgeoisie.

An important influence on the structure and operation of the working class organization, is the fact that industrial disputes are mediated by an elaborate institutional structure that enables the state bureaucracy to be directly involved at every stage in the management and manipulation of in-

dustrial relations. That affects working class organizations, inasmuch as it establishes within them a role for those who are conversant with the law and bureaucratic procedures, and who act on behalf of the workers before industrial tribunals, the Labour Department of the government and various bodies, agencies and courts. This elaborate structure, designed to control, limit and manipulate working class militancy, is a legacy of the 'over-developed' colonial state; the post-colonial state has sought to extend it rather than to limit it.

Amongst the other classes in Pakistan society, we must mention briefly the educated salaried class which plays a crucial role in the politics of colonial and post-colonial states. It was this class, above all others, that was behind the Pakistan movement, which was a movement of Muslims as an underprivileged ethnic group, rather than a movement of Islam as an ideology. It is not surprising, that theologically oriented movements and groups amongst Muslims of India, including the *Jamaat-e-Islami*, were against the Muslim League and the Pakistan movement, whereas Jinnah, the great leader of the movement, was secular and westernized in his thinking and life style. He symbolized the aspirations and character of the educated Muslim salariat who felt themselves to be at a disadvantage in India, vis-a-vis Hindus and others; the latter denied the legitimacy of the Muslim claim by raising the slogan of '*Akhand Bharat*' or indivisible India. The salariat, as a class, was the mainstay of the Pakistan movement, and it proclaimed its Muslim ethnic identity rather than any commitment to the establishment of a theocratic state.

Their ethnic self-identity as Muslims, was a weapon against the dominant ethnic groups in India. Contrary to some notions of ethnicity, it is not a fixed and immutable, culturally determined, given thing, although an ethnic ideology must draw on deeply embedded cultural raw material in order to become politically viable and be sufficiently broad based in its appeal to draw into the movement wider sections of the community. Ethnicity, therefore, is essentially a situational and a political phenomenon. It is liable to be redefined in changed political situations when new group alignments come into focus. No sooner had Pakistan been established, than Muslim nationalism, as it had developed in India, ceased to have any further relevance; it had fulfilled its purpose for underprivileged Muslim groups in India by creating a state for them. Now, in Pakistan, they found themselves divided into a different array of privileged and underprivileged groups of the salariat, a potential pattern of differentiation that had been obscured by the shared identity of the earlier common struggle. Punjabis and Urdu-speaking *Muhajirs* from Northern India were now recognized as the new privileged members of the salariat vis-a-vis the underprivileged Bengalis, Sindhis, Pathans and Baluch. Not surprisingly, therefore, there was a redefinition of ethnic identities in Pakistan. After independence, the old identity of 'the Muslim nation' rapidly dissolved and gave way to newly asserted ethnicity of various regional groups, led by their respective salariats, asserting their regional, cultural and linguistic identities as nationalities, and their demands vis-a-vis the privileged ethnic groups in Pakistan, above all for a fairer distribution of positions in

the bureaucracy and the army.

To counter such demands, the privileged groups decided to deploy Islamic ideology in Pakistan for the first time, in a manner in which it had never featured in the Pakistan movement itself. They now put forward the conception of Pakistan as an Islamic state and society, and the concept of the citizen as a Muslim. This view, therefore repudiated the legitimacy of regional ethnic identities and the demands that were articulated in that idiom. There is a contradiction in this, for most members of the bureaucracy and the military, more than any other section of the population, live a westernized and essentially secular style of life, and can, therefore subscribe to the ideals of an 'Islamic State' only with some cynicism. They do so as a counter-attack against the demand from regional nationalism for a fairer deal and a rightful place in the social order and the state, which represents a challenge to their privileged positions. By virtue of its adoption by the dominant ethnic groups, however, Islamic ideology acquired a new social base in them, above all among those who hold privileged positions in the state apparatus. A new dimension is thereby added to the problem of Islamic ideology in Pakistan, and it is given a new significance, though, given the cynical and hypocritical basis of that adoption, it is not without its contradictions and weaknesses.

Which of these classes is 'the ruling class' in Pakistan? There is a widely held belief amongst Pakistani intellectuals and writers who pose such a question at all, that until the *coup d'état* of October 1958 it was a 'feudal' or 'semi-feudal' or 'feudalistic' class. It might be added that these class labels are used indiscriminately, and often together (reflecting a sense of uncertainty about their precise meaning and structural implications) without serious attempts to ground such concepts of class in a scientific historical analysis of the structure of Pakistani (and Indian) society shaped as a consequence of the impact of colonial capital and colonial rule. The view that a 'feudal' class was in power in Pakistan until 1958, is based on the fact that until that time the form of government in Pakistan was parliamentary, and the political leadership was drawn overwhelmingly from among big landowners. It is further contended that the Ayub regime represented a 'bourgeois revolution' when the leadership passed into the hands of the indigenous bourgeoisie and rural capitalists. The rise of the Bhutto regime is, then, seen by such class analysts as a reassertion of feudal power, only to be defeated once again by the bourgeoisie with the seizure of power by the army. Such analysis would, in effect, identify party political rule with feudal ascendancy, and military rule with the bourgeoisie. Such conclusions, one would contend, are based on fundamental misconceptions about the class structure and class alignments in Pakistan, as well as the significance of successive forms of government, under political parties and the military, respectively.

I have examined the underlying structural problem elsewhere.¹¹ Here, I will only reiterate the conclusion that follows from that analysis, namely, that landowning classes in Pakistan are not located in a feudal mode of production and, therefore, are not locked in a structural and antagonistic contradiction with the bourgeoisie and the forces of capitalism. On the contrary,

being located within the structure of peripheral capitalism, along with the indigenous bourgeoisie and the metropolitan bourgeoisie, it too, progresses in keeping with the logic of capitalist development. Crucially, in the context of our present discussion, we recognize that in common with the other two economically dominant classes, it has an interest in the reproduction and maintenance of the structure of peripheral capitalism. We will presently examine the status of political party government and military rule in Pakistan, as alternative forms of class rule. But first, we will briefly examine how successive regimes have served the rival interests of the three economically dominant classes, in order to see if they have indeed served one class (e.g. the 'feudal' class) as against the others, or, alternatively, as we would suggest, if the state in Pakistan has not rather served to maintain and to reproduce the structure of peripheral capitalism under the domination of a power bloc of the three economic classes taken together, rather than any single one of them at any particular stage. Furthermore, we will consider the implications of the fact that it is the state that mediates their rival interests, which it can do only by virtue of its autonomy vis-a-vis each of the economically dominant classes taken singly while, nevertheless, being subject to the structural imperatives of peripheral capitalism and the collective interests of those three classes taken together. This is one meaning of the phrase: 'relative autonomy of the state', which is all too often used as a vacuous concept. Our analysis suggests that in the circumstances no single class can properly be designated as the ruling class.

This argument can be validated by testing the actual policies of the state, in the light of the respective interests of the economically dominant classes, in order to see if they are actually biased and discriminatory in favour of one rather than another of these classes. If we find during the first 11 years of Pakistan, until the Ayub *coup d'état*, when it is suggested that a 'feudal' class was the ruling class, that the government actually discriminated against the interests of the landowning class, that would be a telling argument against the view that it was in fact the 'ruling class'.

The Land-Ownning Classes

We have already seen how the Pakistan state, actively and assiduously, sponsored the creation and fostered the growth of an indigenous industrial bourgeoisie and gave it every facility and concession. The decisive instance, however, of the Pakistani state having, in fact, acted against the interests of the landowning classes in a vitally important and not just a marginal matter, is that of exchange rate policy, which determines the prices that industrialists have to pay for their imported inputs (and the scale of profits that they make on the sale of imported commodities under conditions of scarcity) and, on the other hand, the prices that agriculturists receive for commodities produced by them for export. We have already considered the effects on the economic position of the bourgeoisie, of Pakistan's decision in September

1949 not to devalue her currency in line with those of the sterling area. It brought them windfall profits on trade in imported goods, and greatly lowered the cost of industrial investment. By the same token, the over-valuation of the Pakistan currency resulted in producers of agricultural commodities for export receiving a correspondingly much lower rupee equivalent of the sale price of their commodities abroad. Pakistan had not yet entered the field of export of industrial products. The full brunt of the appreciation of the exchange value of the Pakistan rupee was borne by landowners and peasant producers. Given that course of policy, that actually discriminated against the interests of landowners, one can hardly maintain that they, indeed, were the 'ruling class'. Nor did the weak and ineffective, state-sponsored, bourgeoisie dictate these policies—they were dictated by the imperatives of peripheral capitalism.

By 1955 the interests of the bourgeoisie and landowners began to converge with regard to the exchange rate policy. Pakistani industrialists had now entered export markets for cotton and jute products. The high exchange rate no longer suited them; it made their products uncompetitive in export markets. They were less concerned now with the cost of the initial outlay on new projects; the more so because their own stakes in the industries that they came to own tended to be small, having secured a substantial part of the finance from public institutions. They discovered that they could recover their own stakes in as little as a year or 18 months. They pressed for devaluation. That was also what the landowners badly wanted; the more so as international prices of agricultural commodities were depressed. The government devalued the currency by 30% on 31 July 1955.

Under the Ayub regime, an ingenious scheme was devised that gave the industrialists the best of both worlds, and kept the landowners happy too, at the cost of consumers of imported goods. This was the Bonus Voucher Scheme which, in effect, introduced a system of multiple exchange rates. Without going into complicated details, we may note that the main effect of the scheme was to maintain a high-base parity value of the Pakistan rupee at which industrialists could import plant and equipment etc., at low rupee prices. Exporters of agricultural or industrial commodities received the rupee equivalent at a (fluctuating) middle rate, which was roughly 50% higher than the parity rate. Imports of consumers goods, on the other hand, were paid for at a third rate which was between two and two and a half times the parity value. This scheme continued until 1972, by which time industrialists faced a new crisis after the liberation of Bangladesh, as a result of the loss of their captive markets there. In May 1972, the Bhutto regime, therefore, brought about a 57% devaluation of the rupee, which enabled the Pakistani industrialists to recover from a difficult situation.

Conversely, the Pakistani landowners had never had it so good as under the Ayub régime, which supposedly was anti-feudal! The only measure that might be construed in that light was the 1959 land reform, which was symbolic rather than substantive in its impact, having affected no more than 1.6% of the cultivated land.¹² On the other hand, the most powerful re-

presentative of the landowning class, the Nawab of Kalabagh, was installed as Governor of West Pakistan, a key position from which he could put into effect policies designed to promote the interests of the landowning class, which he did vigorously. Agriculture and related subjects, were Provincial subjects under the Federal Constitution, and therefore in his domain. At his elbow was Malik Khuda Baksh Bucha, who proved himself to be a most able spokesman of landowning interests, as well as a very able administrator, and thus was most effective in promoting them. Bucha continued to play a key role in this field (under successive regimes) long after Kalabagh was assassinated.

Kalabagh set out his new programme for the landowning classes in the Report of the Food and Agriculture Commission (November, 1960) of which he was Chairman. Accordingly, agencies for providing finance to landowners were reorganized and the Agricultural Development Bank of Pakistan was set up, which was able to undertake operations on a qualitatively new scale. Side by side, the Agricultural Development Corporation and various other bodies to promote agricultural production were set up, and the Departments of Agriculture were expanded and reorganized. Large subsidies were now provided for a wide range of agricultural inputs; they included an excessively high 'support price' for wheat, which was strongly opposed by the Planning Commission, but to no effect. A Rural Works Programme was instituted, which injected vast resources into projects mainly suited to the needs and interests of big landowners rather than small peasants, and, through the system of 'Basic Democracy', put under the direct control of dominant landowners in the villages. This was the basis of the 'Green Revolution' in Pakistan.¹³

Farm mechanization, which was causing large-scale eviction of sharecroppers, was amongst many issues on which battles for alternative policies were fought within the state bureaucracy, in this case encouraged by some sections of the U.S. establishment who were worried about its possible political consequences, as well as its economic rationale. In the Second Five Year Plan the Planning Commission explicitly came out against it. But the landlord lobby won the battle, despite such opposition. The battle was renewed in 1969, when the U.S. was reluctant to allow aid money to be utilized for financing imports of tractors. But under pressure from the landlord lobby, which is well entrenched within the state bureaucracy and the military, the move to block further farm mechanization failed. The interests of landowners, as well as those of the bourgeoisie, were pursued more vigorously under the Ayub regime than ever before. The notion that the interests of big landowners were overthrown under that regime is without foundation.

The metropolitan bourgeoisie, led by U.S. capital, has a structural presence in Pakistan by way of its investments, both those that are wholly owned by them and those which are in partnership with private capital or public sector enterprises, as well as through financial relationships by way of loans to Pakistani private entrepreneurs, financial institutions and, not least, the Government of Pakistan. It is the most powerful of the three economically

dominant classes. Nevertheless, unlike direct colonial rule, it is not able to dictate policies in a simple and direct way to the government of Pakistan, even though it wields enormous power and influence in the country. It is not itself the 'ruling class'.

There have been moments in Pakistan's history, as we will presently note, when the U.S. was instrumental in deposing governments and installing new ones. In the 1950s, it drew Pakistan into a military alliance and caused the country to deploy its scarce resources in pursuance of U.S. imperialist military strategy for the 'defence of the Middle East' and safeguarding its oil interests—a policy that in itself had little to offer to Pakistan, except a mercenary role. But, equally there are instances when Pakistan has acted contrary to the interests of metropolitan capital. Thus, as we have noted, when Pakistan was created, one of the first steps that it undertook was to block the entry of foreign banks into the interior of the country, restricting them to 'port towns' (including the inland town of Narayanganj, which was a centre of jute export trade). It was this step that made it possible for Pakistani banks to proliferate branches throughout the country and to establish themselves firmly, which they might not have succeeded in doing otherwise. It was not until the advent of the Ayub regime that this rule was reversed, and American and other foreign banks extended their branches to inland cities. Different examples can be cited to show the *unpredictability* of results of clashes between the metropolitan bourgeoisie and indigenous classes, for they are not always resolved in favour of the former. Indeed, clashes which have brought about retaliation and severe pressure through such measures as the suspension of aid, have occurred with metropolitan states also. The metropolitan bourgeoisie wields a big clout. But, in its dealings with the postcolonial state it has to manipulate, as well as pressurize and threaten; and it has also to bribe its way, like the indigenous classes, to get what it wants. Therefore, while recognizing the pervasive power and influence of the metropolitan bourgeoisie, we cannot see any justification in designating it as the 'ruling class'.

What can we make of the stage that we have reached so far in our argument, having concluded that none of the three economically dominant classes can properly be designated as the ruling class? Does that mean, therefore, that we abandon the conception of a class basis of political power and the state, in favour of some notion of a free floating, autonomous state with its own independent logic and 'will', free from societal moorings? Not at all. We maintain that in a class differentiated society, with economically dominant and subordinate classes, the state is an integral element of the overall structure of society with the function of upholding and maintaining the class based social order and relations of class domination and subordination. It secures the necessary conditions for the reproduction of the social order in which our three economically dominant classes are ensconced. That role of the state in civil society is secured by the 'structural imperative' of peripheral capitalism, a concept that we put forward as a key concept for understanding the inter-relationship of the state and civil society and the

mode of operation of the state in class based societies.

The concept of the 'structural *imperative*' that I have put forward as a central concept of my analytical framework, should not be confused, because of similarity of language, with concepts found in structuralist (functionalist) structural causation, or *determination* of actions and behaviour of the state or the individual capitalist. In that view, individuals and members of the state apparatus are mere agents and bearers of structures, and their actions therefore, are derived from structural prescriptions. Our concept, on the other hand, does not mean that structural conditions are sufficient to determine the actual actions of the state or individual capitalists. In our conceptual framework they are not pre-programmed performers of roles. On the contrary, the concept, as I have articulated it, opens up the analytical framework to take account of structural conditions on the one hand and, simultaneously and dialectically, the conscious and purposive actions of the guardians of the state or individual capitalists on the other. Structural conditions do not determine the actions of social agents but, rather, the *outcomes* of their actions, which, in turn become points of departure for subsequent conscious and purposive actions designed to secure their objectives. In the light of such a theoretical framework, we grasp the development of courses of action over time in relation to objective conditions, in dialectical reciprocity of mutual determination of purposive actions and structural conditions.

The 'structural imperative' is, therefore, the logic of the functioning of a capitalist economy and society (peripheral or otherwise). It refers to the objective requirements of the processes of capitalist development and capital accumulation, the conditions of profitable economic behaviour and allocation of resources that delineate 'efficient' from 'inefficient' allocations and draw a line between solvency and insolvency. They define the parameters of *calculation* on which the actions of individual capitalists and the capitalist state are based. But neither the guardians of the state nor the individual capitalists possess perfect vision, and there is no guarantee that their calculations and expectations will, in fact, be borne out by subsequent events. Nor do they possess perfect competence. But they do, however, learn from the unintended consequences of their actions from day to day and, to a large degree, though not wholly, manage to act in line with the requirements of the structural imperative. Their actions, therefore, are not capricious, nor wholly unpredictable, even though they may deviate from what is objectively required. Deviations may be due not only to imperfect knowledge and foresight, but also to the refraction of reality by ideology, which may stand in the way of the full logic of objective reality bringing itself to bear on the formulation of policies and action. This, of course, is particularly important in the making of state policies. Finally, we may recognize that there are no unique solutions for every particular situation. Actual courses of action may deviate from what is, objectively at any point of time, the *optimum* course of action. Alternative choices of action may either aid and accelerate capitalist development, or impair and slow it down. There is scope for wide variations of outcomes still within the framework of capitalist development.

Given this conceptual framework, we can see two ways in which influences are brought to bear in the formulation of state policy. One is in response to demands expressed publicly or through institutionalized channels set up within the state apparatus itself, by the economically dominant classes—as well as subordinate classes. The level of consciousness and organization of the classes, and the nature of the political conjuncture, may itself determine the degree to which the state takes account of the needs of subordinate classes in order to secure and maintain the existing political and social order. This possibility alerts us to the second aspect of the way in which the dominant class interests are brought to bear on the making of state policy, not necessarily at the behest of the dominant classes, but by members of the state apparatus independently, and even in opposition to the expressed demands of the dominant classes — calculating what they consider to be in accordance with the logic of peripheral capitalism and its structural imperative, as understood by them in the light of experience and from their wider perspective, mediated as it might be by ideological factors.

The concept of the 'structural imperative' enables us to grasp an aspect of the problem that is sometimes subsumed under the notion of the 'relative autonomy' of the state. This phrase tells us nothing about the nature of autonomy of the state and the manner in which it is circumscribed and regulated. As a theoretical concept, the term 'relative autonomy' of the state is vacuous. The concept of the 'structural imperative' enables us to confront the underlying problem more directly. We recognize that both the guardians of the state as well as individual capitalists and members of other classes, engage in conscious purposive actions, which include specifying their respective aims and goals. They each calculate the probable outcomes of their actions on the basis of past experience. The state is located within the structure of peripheral capitalism and bears the responsibility for carrying out certain necessary functions for its reproduction; the guardians of the state do not necessarily await demands from the economically dominant classes in order to formulate policies. They engage in calculations of policy alternatives independently of the expressed wishes of dominant classes. In the case of Pakistan, we have noted that the state even sponsored the creation and growth of the bourgeoisie. In that case to describe the latter as the 'ruling class' would be to do violence to reality. But the Pakistan state was ruled by peripheral capitalism and its structural imperative.

Although we have said that in formulating its policies the state seeks to promote the effective functioning of peripheral capitalism, our analytical scheme leaves open the possibility of those in power in the state acting, whether intentionally or not, *against* the interests of peripheral capitalism—probably because of attachment to certain ideologies. Our analytical scheme and the concept of the structural imperative, allows us to locate the role and the limits of ideology in the making of state policy. The ultimate test of all state policies, whether consciously pursuing objectives of peripheral capitalism or refracted by ideology, lies in the actual outcomes of actions and courses of policy. Likewise, our scheme also allows us to locate genuine

differences of view within the state apparatus concerning what is actually best calculated to promote peripheral capitalism. Negative policies, whether based on miscalculation or ideological preconceptions, would do damage to capitalist development and, in limiting cases, precipitate crises that make the pursuit of the adopted policies no longer feasible. Where such policies are motivated by ideologies, the ideology may be either modified or abandoned; the question of a revolutionary ideology and rupture with peripheral capitalism is another matter altogether, for then we would no longer be concerned with peripheral capitalism and its state.

By allowing for conscious and purposive actions as calculated and fought for by members of the state apparatus, we avoid reification of the state. Individuals and groups within the state apparatus who strive to formulate its policies, have different class origins, class affiliations and class commitments, so that the state is not a monolithic entity. By that token, the state is an arena for class struggle as well as an institution for the imposition of class rule. It is important that we keep this dual nature of the state in mind. In the light of such a conceptual framework, as briefly outlined here, and the account that I have given of the role of the state in the processes of class formation in Pakistan, we may now consider the character of the state apparatus in Pakistan, the military and bureaucratic oligarchy in particular, and political developments since independence in 1947.

The Character of the Military and the Bureaucracy

Until 1958, when a *coup d'état* was perpetrated under martial law, Pakistan had a parliamentary form of government. The National Assembly, which was also the Constituent Assembly charged with the formulation of a Constitution for independent Pakistan, was an unrepresentative body, isolated from the people. It had been elected indirectly, by provincial legislature which had been established under the colonial regime, themselves chosen by an electorate limited by criteria of education and property to about 15% of the population.¹⁴ The colonial Government of India Act, 1935, modified by legislation promulgated by the British Parliament at the time of granting independence, served as a provisional constitution. General elections were to have been held as soon as a new constitution was devised. But the increasingly isolated and vulnerable politicians, fearful of the verdict of the electorate, kept postponing the constitution. They fell into public contempt and lost whatever authority they might have had. They provided no more than a legitimating facade for the regime of a powerful bureaucracy.

Effective power within the state apparatus lay in the hands of a military bureaucratic oligarchy from the inception of the state, rather than with the political leadership. The 1958 *coup d'état*, therefore, was not so much a seizure of power, as power already lay in the hands of those who were supposed to have 'seized' it. Rather, the reality of the *coup d'état* was the dismantling of the parliamentary apparatus through which state power had been

legitimated but through which, in the wake of the 1956 Constitution and demands for the holding of a general election, a new challenge was now being raised that threatened the exercise of power by the military bureaucratic oligarchy as before.¹⁵ In sharp contrast to the weak and unrepresentative politicians, the army and the civil bureaucracy were tightly organized, disciplined and powerful. Against the background of a confrontation with India, the army even enjoyed a degree of legitimacy as the final guarantor of the integrity and survival of the country, a factor that was to prove important in later years.

Both the army and the civil bureaucracy were creatures of the colonial regime. Against the rising tide of the nationalist movement, their training had sedulously inculcated in their minds the ideas of professionalism and political neutrality. The bureaucrats were brought up on the myth of 'guardianship', the idea that it was their mission to defend the interests of the people as against the supposed partisanship of and personal ambitions of 'professional' politicians. The army was likewise brought up to be the custodian of 'law and order' — for the army, the nationalist politicians were the greatest threat to law and order. It would be incorrect to say that the army and the civil bureaucracy were, in fact, brought up to be politically neutral and to keep themselves uninvolved with politicians. On the contrary, by virtue of their jobs, they were deeply involved in political struggles of the times; but on behalf of the Imperial Power.

At the time of anti-imperialist struggles, it was important for the colonial regime to ensure the sustained loyalty and reliability of the officer corps. That left its mark on recruitment policies which governed the social background of officers. Military recruitment policy reached out for those with a rural background, though not strictly an aristocratic one. 'The staunch old Indian yeoman who came into the Indian commissioned ranks via the rank and file, or the young Indian landowner of lesser class made the Indian officer as we know him', wrote MacMunn.¹⁶ Those with an urban background or with higher education were distrusted. According to MacMunn, 'The clever young men of the Universities were quite unfitted for military work The army officers had long realised that the Indian intelligentsia . . . would never make officers.'¹⁷ Such biases in recruitment policy have survived. A modern military, however, does need technical expertise. The Pakistan military forces now run schools and colleges of a high standard where children of military officers are educated—and indoctrinated—and which serve as recruiting grounds for officer material.

There are significant differences in the social background of different strata of the military hierarchy. Two factors have greatly influenced the social commitments of staff officers, especially the Generals, of the Pakistan army. One is the policy of granting land to army officers (as well as to members of the civil bureaucracy) so that even those who did not come from substantial landowning families acquired landed interests and a corresponding class commitment. Secondly, since the 1960s, many army officers became deeply involved with the business community and some Generals emer-

ged (as did some senior bureaucrats) as some of the biggest businessmen in the country. Many were given prestigious and profitable places on boards of companies on their retirement and others, still in service, could look forward to similar rewards, and cultivated contacts for the purpose. Similar ties were also established with large foreign business concerns in Pakistan. Military officers are closely involved with the three economically dominant classes in the country.

Under the present military regime that seized power in 1977, such involvement has assumed a qualitatively different magnitude and character. Military officers, at all levels, are now using their new found power to gain material advantage for themselves and their relatives in one form or another. One of these is a scramble for influential and well paid jobs. They have made major inroads into the bastions of the bureaucracy. In early 1981, for example, seven Ministers were retired Generals, and there were four retired Generals who held posts of Secretaries of the Central Government, in charge of Ministries. Ex-army officers have been appointed to numerous posts at lower echelons of the government too, the most critically placed of them being Joint Secretaries in charge of the establishment in virtually all Ministries, with control over appointments and transfers. These powers are used to give preferential treatment in those matters to ex-army or army-related personnel. In fact, these ministerial jobs are not the most preferred jobs. Rather than the posts of Secretaries to the Central Government, most retired Major Generals seem to prefer appointments as heads of state corporations, of which there are very many; these are more lucrative appointments with much greater scope for patronage and nepotism. Military officers, having taken over as heads of state corporations, proceed to make large numbers of the existing staff redundant, to make room for large scale recruitment in their place of ex-army or army-related personnel. Understandably, this has created widespread resentment against the army and army rule. On the other hand, given the taste of the benefits that this can bring, one can see great difficulties in extricating the army from its present position of domination in the political system.

Social influences on the rank and file of the army and lower ranking officers, are of a different order. The ordinary soldiers and junior officers of the army are overwhelmingly recruited from the impoverished agricultural regions of north-west Punjab and the North West Frontier Province. In that densely populated region, farms are small and fragmented and incapable of providing an adequate livelihood for a family. Because agriculture does not yield enough for a livelihood, the men have to look to jobs outside to supplement their incomes. These regions, therefore, have traditionally been a principal recruiting ground for the army, as well as for various types of urban employment and emigration abroad. The 'Green Revolution', so-called, of the 1960s, whose benefits were concentrated in the rich canal colonies of Punjab and Sind, had negative indirect effects on these regions and brought about a sharp deterioration in real incomes of peasants in the region.¹⁸ These developments generated deep discontent among the military rank and file and

junior officers, and those in power had to contend with the pressures they created within the army for radical reforms. That was done in three ways. Firstly, soldiers were paid relatively very high salaries as compared with those in civilian employment. The army also provides lavish education and medical facilities to its personnel, of a quality and on a scale that is not available to civilians. But that by itself was not sufficient to overcome the discontent that was generated by the declining quality of life of the soldiers' kinsmen on the land. Secondly, in recent years, conscious now of this problem, a policy had been adopted of giving preferential treatment to people from these regions in general, and soldiers' relatives in particular, for emigration to the Middle East to take up lucrative jobs there. The result has been paradoxical, for the policy has generated a huge inflow of incomes into the hands of the few families whose members have been privileged to emigrate, intensifying inflationary tendencies locally, and worsening the position of those whose relatives have not had the advantage of going abroad for work and remitting money home. Thirdly, ideological indoctrination of the rank and file is intensified, and they are brought up on a mixture of religious ideology and chauvinism and very Right wing ideas generally. For the rank and file soldiers and junior officers, ideology is in any case vitally important, for they must go into battle (often with their own people, for much of the role of the army is concerned with internal repression) and 'morale' is paramount. Their minds and hearts must be infused with a sense of mission and national fervour. The exploitation of Islamic ideology and the labelling of dissidents as 'enemies of Islam', fulfils a purpose here. But when a major is promoted to the post of Lieutenant Colonel and becomes a staff officer, he enters a different world, the world of realpolitik, where an excess of ideology might cloud judgements on issues of strategy. Here we find more cynical states of mind. But a problem with the contemporary military in Pakistan is that the general level of political sophistication is low and, under conditions of strict censorship and an absence of open public debate, the educative background of public debate is lacking. On becoming a colonel, an officer does not, therefore, easily divest himself of the ideological baggage that he has accumulated over the most formative period of his youth. Although as a staff officer he is trained to calculate, and no more to be carried away by ideological passion, such transformation is not always easily achieved. The military bears the weight of ideology to a much greater extent than the civil bureaucracy.

In the higher echelons of the military in Pakistan, U.S. influence became quite pervasive after about 1952, when a military alliance was forged between them. Until 1952, imperialist countries of the West, with far more at stake in India, took very little interest in Pakistan. The situation changed materially after 1951, when Prime Minister Mossadeq of Iran nationalized oil and the Western powers realized that their capacity to intervene immediately and decisively in Iran was impaired by the absence of a strategic base in the area, a role that British India had fulfilled before independence. Pakistan was now to be drawn into playing such a role and a new relationship was forged under U.S. initiative. Pakistan was involved in a military alliance which imposed

obligations on it to perform a role within the U.S. strategy for defence of its oil interests in the Middle East. As a result, U.S. military advisers were attached to the Pakistan forces and at G.H.Q., and began to wield much influence directly within the military establishment. By the end of 1953, an Army Planning Board was set up to consider reorganization of the army to prepare it for its new role. An American Military Survey Mission arrived in February 1954, and in October of that year a U.S. Military Assistance Advisory Group (MAAG) was established at the army G.H.Q. at Rawalpindi.

General Fazal Muqem Khan writes about the 'decisive influence on the ideas of the officer corps. . . the Pakistani commanders and staff. . . and the [military] planners' of the new U.S. contacts, the U.S. sponsored courses and study tours, of American training teams and individual officers attached to Pakistani units and headquarters.¹⁹ The U.S. Military Assistance Programme (MAP) was earmarked for units in West Pakistan, marked out as MAP forces which had a designated role in the U.S.-Middle Eastern strategy. The U.S. influence on financial as well as military priorities in Pakistan, ensured that MAP forces also had prior claim to the available *Pakistani* resources, as against non-MAP forces, such as Pakistan's forces deployed vis-a-vis India and Kashmir. Thus, according to Colonel Jordan, the substantial cuts that applied in Pakistan in 1960 on foreign currency allocations for military purchases abroad, affected largely the non-MAP forces.²⁰

Without going into the larger issue of Pakistan's relationship with India, the point to be noted in the present context is that the effect of the U.S. military alliance was to *reduce* Pakistani military capability, precisely in the sphere which, in Pakistani eyes, was its primary strategic concern and a justification of the U.S. military alliance. The 1965 war with India destroyed whatever illusions might have been prevalent in lower ranking military circles that the U.S. alliance was a guarantee of Pakistan's national defence, given its assumption that the problem here lay with its military capability vis-a-vis India. The suspension of U.S. aid and military supplies to Pakistan at that time was seen as an act of gross betrayal by the U.S. This introduced a deep distrust of the U.S., amongst military officers as well as the general public in Pakistan. The military capability of Pakistan declined, for without U.S. assistance and supplies it was not in a position to re-equip its forces with up-to-date equipment. But, once more, against the background of the confrontation of the West with the U.S.S.R. over Afghanistan, Pakistan's military rulers have allowed themselves to be drawn into the U.S. led confrontation in the area, which repeats the story of a generation ago.

U.S. strategy for the defence of imperialist interests in West Asia, that had allocated an important role to Pakistan as a client garrison, did not, in fact, last for much more than half a decade. Essentially, the strategy collapsed with the Kassem *coup* in Iraq in the summer of 1958. The 'Baghdad Pact' powers (minus Iraq, of course) met in Ankara at the time to consider action that they might take in the circumstances. It was quite clear that intervention by Pakistani and Turkish troops, on which the strategy was based, was not a realistic possibility at the time and probably never was. At the time, Pakistan

itself was in the throes of a political crisis that turned on the demand for general elections. This was soon to be resolved by a *coup d'état* that brought General Ayub Khan to power. U.S. strategy for the region was redesigned in the 1960s and in that new strategy, Pakistan was to have no significant role and was unceremoniously cast aside. It was no longer in the U.S. interests to allow its close relationship with Pakistan to interfere with its desire to exploit the far greater economic opportunities in India. Once again, in the new situation, the primacy of U.S. *economic* interests in India asserted itself, the more so in the context of the crisis of the Indian Second Five Year Plan in 1958, which provided a special opportunity for the U.S. to pressurize the Indians into turning away from some of the policies they had pursued under the leadership of the Nehru government, and with the blessings of the Indian bourgeoisie. The Pakistan army was now divested of a large external commitment. By that token, its internal concerns assumed a relatively greater weight, especially against the background of a popular movement around the demand for holding the first general elections in the country which, if held, threatened to undermine the power that the military-bureaucratic oligarchy had wielded so far. In October 1958, the *coup d'état* that brought General Ayub Khan to power, was carried out with the backing of the military.

The Nature of the Army Rule

It would be a mistake, however, to jump to the conclusion that either the generals, or, for that matter, the U.S. (so often the *deus ex machina* brought in to explain military *coups d'état*) favoured a military regime at the time in Pakistan. Indeed, after a fairly short initial period of about a month, during which the new regime stabilized itself, the military withdrew into the background altogether. Immediately after the *coup d'état*, a senior civilian officer, Aziz Ahmad, was appointed Secretary General of the Government and Deputy Chief Martial Law Administrator (the first and only civilian to be appointed to such a position). For a few weeks, military officers of various ranks, in their capacity as Martial Law Administrators in their respective zones, engaged in a flurry of 'nation-building' activity, unsystematic and uncoordinated. On 11 November 1958, all troops were ordered back to the barracks and asked to desist from 'assisting civilian authorities'. Martial Law and Military Courts remained until a new political structure and Constitution were put into operation—but only as an interim basis of the regime. The business of government remained firmly in civilian hands.

By contrast, in 1969, after the fall of the Ayub regime, with the seizure of power by General Yahya Khan, the military seemed to be getting more deeply involved than they had done before. Parallel military officers were attached to civilian officers at all levels of the administrative hierarchy, and the Headquarters of the Chief Martial Law Administrator (HQ, CMLA) and the two provincial Martial Law Administrators' HQs, attempted to run government directly. But that was not to last long either. There was a debate with-

in the military about such involvement. Conservative generals were fearful of radical pressures that were being generated from the ranks of the military itself, and which were being expressed through military channels. They were anxious to introduce a civilian buffer to block such pressures. But far more significant is the argument that was put forward by some influential Right wing generals for holding elections and working towards the installation of a parliamentary form of government, an argument that eventually prevailed. Military officers who were involved with the administration were withdrawn and, pending elections, a nominated caretaker government consisting of civilian ministers, was installed in office (if not in power, for that still lay firmly with the military).

Those generals who argued for the restoration of a 'representative' civilian form of government and for holding elections were more concerned with the conditions of maintaining political order in the long run, rather than the narrow interests of military officers as such. Their ideas would have been approved by Samuel Huntington and may well have been inspired by him and his colleagues in the United States,²¹ some of whom were advisers to Pakistan. This argument was concerned with the fact that no regime can, in the long run, sustain itself by coercion alone. Every political regime needs effective structures of legitimation to sustain it. They hoped and expected that an elected civilian regime, consisting of weak politicians and divided political parties, would provide such a structure of legitimation without necessarily undermining the effective power of the military-bureaucratic oligarchy that had dominated the state apparatus for two decades, and the ultimate power of veto that the army enjoyed. Furthermore, this view was reinforced by a quite realistic recognition of the fact that, rather than being enhanced, the army's authority would be undermined the longer it held on to the formal responsibilities of political office, as distinguished from the effective exercise of power, which it could encompass without having military officers as the President or as ministers, for in that case, public discontent would begin to be directed against the army.

The role of the army in Pakistan has not solely been that of an instrument of coercion. At critical points in Pakistan's troubled history, its role has rather been concerned with the legitimation of regimes; a function which, prior to the 1971 debacle in Bangladesh, its authority and standing enabled it to perform. Until 1971, the army was invested with charismatic qualities in the eyes of the public in West Pakistan, for two reasons. Firstly, against the background of a long-standing confrontation with India and a fear that Pakistan may be vanquished and subjugated, the army was seen as the only basis of the nation's survival. The military-bureaucratic oligarchy in Pakistan fostered tension with India; tension that they cultivated in order to capitalize on it. The second factor was the rampant corruption amongst the bureaucrats and politicians, which had become oppressive and intolerable to the public that came into direct contact with them. The army, however, was not directly in touch with the public and had a reputation as the only corruption free institution in the country, a reputation that it no longer enjoys. Until

1971, however, these factors enabled the army to seize the political initiative at moments of crisis as the ultimate arbiter.

The capacity of the army to play a legitimating role in the state was eroded under the regime of General Yahya Khan and it was irretrievably lost after its defeat in Bangladesh in 1971. It had conducted the elections in 1970, expecting to find disarrayed politicians squabbling with each other and therefore that it would continue to play the role of umpire. The army found the actual result, with the Awami League having swept the board in East Pakistan and, indeed, having secured an absolute majority in the National Assembly, quite unacceptable, and accordingly launched its military action in East Pakistan to defeat that outcome. After the liberation of Bangladesh, however, it was still faced with the unpalatable fact that the PPP as a party had secured overwhelming support in (West) Pakistan. But, unable to govern any longer in the name of the army, the situation in December 1971 compelled army officers to invite Bhutto, leader of the PPP, to form the Government. By now the army was *politically incapable* of continuing to rule. The invitation to the PPP to take over was by no means a political alliance between the army and the PPP; on the contrary, the very fact that the situation forced the army to yield ground to the PPP, introduced considerable tension into the relationship between the two. Bhutto took advantage of the army's weakness at that moment to try and weaken it further by selective retirements and promotions of officers, and also by building up para-military forces under his own control, in order to reduce his dependence on the army in the event of civil unrest.

In 1977, the army played a not insignificant role in aligning forces against Bhutto and the PPP that led to their overthrow, and eventually Bhutto's execution. But it had to build up its political capital once again, by stages, before General Zia-ul-Haq could actually take over, and several months had to pass between the start of the well-prepared and orchestrated 'popular' movement against Bhutto and the eventual army take-over; that too, was to be for a period of three months in the first instance with a promise to hold fresh elections. In the event, the military regime decided to hold on to office. Unlike previous military regimes, however, it found itself totally bereft of legitimacy and relied on brutal repression to terrorize the people. But it had to look for a new source of legitimacy. This it decided to build on the basis of a self-assumed mission to construct an Islamic economy and an Islamic polity in Pakistan. In the long run, the army itself has been unable to govern, without creating a political basis for its rule.

The Role of the Civil Service

In Pakistan's first two decades, the locus of power centred on the civil bureaucracy rather than either the political leadership, whom it dominated, or the army with which it closely collaborated. The men at the top of the bureaucratic apparatus in British India—the Indian Civil Service (I.C.S.)—were

a tightly knit, exclusive group who jealously guarded their privileged identity. The Pakistan bureaucracy inherited and further reinforced that structure; with that elite group at the centre, the structure of the administrative apparatus was dictated by the fact that British rule had to rely on a small band of British officers, the 'Steel Frame', who were the custodians of Empire. All key posts in the central and provincial governments, and in the district administration and magistracy, were reserved for that select cadre who thus controlled the entire administrative apparatus. Below it was the Provincial Civil Service (P.C.S.), which was the black man's service, the locals, who were recruited to man lower levels of the administration. Likewise, there were specialist services that were also limited to their specific functions and subordinated to the general administrative machinery dominated by the I.C.S. Such a centralized administrative structure was well suited for the purposes of a colonial regime.

In Pakistan, the I.C.S. was resurrected in the form of the Civil Service of Pakistan (C.S.P.) the 500 or so members of which, held, as of right, the commanding positions reserved them the administrative machinery, with over 500,000 government employees under them during the 1950s and 1960s.²² About 20 members were recruited to the C.S.P. each year from amongst those who secured top positions in a competitive examination for the Central Superior Services (which comprised about a dozen cadres) for which only candidates between the ages of 21 and 24 could compete. The subsequent training, as well as the initial recruitment, was controlled by the Public Service Commission whose autonomy was jealously guarded—it was itself manned by C.S.P. officers. It was a closed group—almost a caste of its own—because membership was limited to those who had undergone the examination and selection procedures at the prescribed age—no one could be appointed to it in any other way.

The most remarkable aspect of the C.S.P. was its extraordinary *esprit de corps*. The whole cadre would rally to the support of any individual member regardless of the rights or the wrongs of the case; and a C.S.P. officer always acted with full confidence that such support would be forthcoming. That was the secret of its strength, and this solidarity was supported by a legitimating myth of 'guardianship'. A similar concept was invoked by the colonial I.C.S. as its self-image, in the face of the rising tide of Indian nationalism.²³ The politicians were declared to be devious, power-hungry and self-seeking; and these myths were perpetuated by the C.S.P. 'Certainly the [Civil Service] Academy succeeds in stamping each of the probationers with its mark. Its aim is to inculcate a concept of "guardianship" sufficiently strong to resist the corrosive influences of political pressures to which the post-partition bureaucracy seems subject', wrote Braibanti, the most outstanding student and admirer of the bureaucracy in Pakistan.²⁴ He continues,

It was inevitable, in the traumatic circumstances of the 1947 Partition of India, that Pakistan continues the traditions and structure of the Indian Civil Service. That the tradition had deep roots in a different

culture and a different era; indeed that the Muslims themselves had resisted those traditions, that the structure was designed for the rule of the conqueror over the vanquished—those factors could ill be considered at a time when a nation had to be formed quickly from two patches of land on the sub-continent.²⁵

Nations are not, however, made by bureaucratic domination. What Braibanti does show, however, is the continuity of the colonial bureaucratic structure in the post-colonial state.

I have argued that state power in Pakistan was, from the outset, in the hands of a military-bureaucratic oligarchy. In the first decade, the bureaucracy was the dominant element. Its dominance, especially over the political leadership which was formally in power, holding office under a parliamentary system of government, was facilitated by a number of factors besides the internal cohesion that we have just discussed. Amongst these were certain institutionalized procedures governing relationships between senior civil servants and ministers that were inherited from the colonial regime. These procedures were established in 1921, when Indian ministers were appointed for the first time, at the provincial level, under a system known as 'dyarchy' under the Government of India Act of 1919. The Indian ministers were to hold certain minor portfolios in provincial governments. But the very idea of having to work under an Indian minister was an affront to British bureaucrats—some of them resigned in protest. In the face of that opposition, the question of a 'proper relationship' between Indian ministers and a member of the I.C.S. was widely debated before the 1919 Act passed into law. These discussions were imbued with paternalistic ideas of the colonial rulers. It was made clear that the Indian ministers would be proteges of the British senior civil servants who would teach them the art of self-government! The normal relationship between a minister and the secretary of his ministry was reversed. It was provided, that, in the event of a disagreement between a minister and his secretary, the latter could bypass the minister and obtain orders directly from the governor of the province; the minister would then have no more say in the matter. Indian ministers complained bitterly about the supercilious attitudes and lack of cooperation from their secretaries and their complaints were examined by committees which tended to overlook that basic issue. No concessions were made to the politicians, and bureaucrats retained the power to disregard them,²⁶ a practice that was simply carried over into the post-colonial state.

The colonial system of government and rules of business were altered in independent India where a political leadership was able to assert itself; although the role of the bureaucracy in India is usually underestimated, as Bhambri has so clearly demonstrated.²⁷ In Pakistan, given the already established and continuing colonial procedures, the bureaucrats did not need to engage in an overt conspiracy to subvert the political authority of their nominal masters. They merely carried on as before. Keith Callard, an astute observer of the Pakistan scene in the 1950s wrote:

In Pakistan, political parties have waxed, waned and suffered eclipse. Political leaders have argued and reduced each other to impotence. Men of religion have laid claim to complete authority and have achieved almost none. In the meanwhile the State has been run largely by the civil service, backed by the army, which has carried on much as it did before independence.²⁸

But in one important sense, the bureaucracy did not carry on as it had done before independence. It was no longer subject to the ultimate political control then exercised by the British Government. The bureaucracy had now assumed a new kind of role in the post-colonial state, as a force on its own.

Sayeed has documented in some detail how *provincial* governments were subordinated to the centre through the bureaucracy which rode roughshod over the politicians holding office, and he records instances when the bureaucrats acted in the manner described above, although he does not relate them to colonial practices which were already institutionalized.²⁹ More importantly, in representing these developments merely as the subordination of the provincial governments to the centre, he fails to raise questions about power at the centre itself. The most important innovations that consolidated the grip of the bureaucracy were made at central government level.

Under parliamentary forms of government, such as that which was nominally in force in Pakistan, the bureaucracy normally has a segmental structure, divided into ministries each with a secretary at its head. Beyond that level, the government as a whole is co-ordinated and run through the ministers and the cabinet, under the prime minister. Without such political mediation the bureaucracy does not, therefore, constitute a unity. In Pakistan, a structural change was made, initially in the name of more effective co-ordination of government under conditions of extreme difficulty at the time of the Partition, which was to prove quite decisive in consolidating the bureaucracy as a unified entity in Pakistan, independently of the political leadership and the cabinet. That was by the creation of a unique post, that of Secretary-General of the Government of Pakistan, an overlord of the bureaucracy who was to have direct authority over every secretary of every ministry, independently of the cabinet. He presided over a Committee of Secretaries of Ministries, which effectively formulated and co-ordinated policy as a super-cabinet, thus reducing the political leadership to a mere shadow, as we shall presently see. The grip of the bureaucracy over the government was complete.

It was not until the emergence of the PPP regime in the 1970s that the hold of the military bureaucratic oligarchy was successfully challenged for the first time. The most decisive and effective of all the reforms undertaken by the PPP regime was the restructuring of the bureaucracy. It announced its Administrative Reforms in August 1973 and promptly set about implementing them. Its principal aim was to break the stranglehold of the C.S.P., which was now abolished as a cadre. Members of all cadres were merged into All Pakistan Unified Grades, all offices being allocated an appropriate grade within the overall grade structure. There was to be free movement of perso-

nnel within the unified bureaucracy—thus eliminating the exclusiveness of the C.S.P. and its privileged claims to higher posts in the government.

Within the Unified Grades, the large body of civil servants was divided into 13 groups representing fields of government activity, such as a District Management Group, an Economists and Planners Group and a Foreign Affairs Group, as well as groups engaged in lesser activities such as the Commerce and Trade Group, the Accounts Group, the Police Group and so on. It was, however, provided that these were not to be closed groups but, rather, that there was to be horizontal movement of officers between two or more groups. A further measure, that completely undermined the old principle of bureaucratic exclusivity, was that of 'lateral entry' which, for the first time, allowed for direct recruitment of persons from the professions or private business and the like, for appointment to senior positions in government. The caste-like structure of the C.S.P.-dominated bureaucracy of Pakistan was broken.

Bhutto was helped in pushing through these reforms by Viqar Ahmad, the first non-C.S.P. officer to hold the key post of Secretary Establishment in the Central Government, who is responsible for senior appointments and transfers and overseeing the entire bureaucracy (under the PPP regime he functioned under the direct personal orders of Prime Minister Bhutto who kept a tight grip on these matters). Viqar Ahmad had been appointed to the job under the preceding Yahya regime, which had toyed with the idea of reducing the power of the C.S.P. but, in the event, had failed to take any significant action. Bhutto also broke the hold of the C.S.P. over the public services commissions. He appointed a trusted man, Justice Faizullah, as the Chairman of the Federal Public Services Commission; his role in making appointments was reduced by the powers assumed by the Prime Minister to make senior appointments ad hoc initially for six months, and then get such appointments 'regularized' by the Commission.

It is a matter of some debate how decisively these structural changes have broken the power of the bureaucracy as a distinct entity in Pakistan society and the state. As far as the various classes of people in Pakistan are concerned, there has been relatively little change—indeed, under the present military government, bureaucratic corruption and oppression has reached new heights. Actually, with the weakening of bureaucratic control from the centre, the power of local bureaucrats dealing with the public, appears to have been enhanced. If we are to adequately understand the equation as it now stands under the present military regime however, it is necessary to understand that in the making of public policy, these changes have no doubt been of considerable significance. Under Bhutto, the effects of the structural changes were compounded by his own arbitrary and totally ruthless manner of dealing with everyone — friend or foe — without exception. Moreover, he made further changes in the rules so that an officer of any rank could - if he had completed 25 years of service—be retired unceremoniously, without any formal charges or procedures. Previously, cases of dismissal were subject to numerous safeguards and were adjudicated by the (C.S.P. dominated) Public Services Commission. Now the sword of Damocles hung over the head of every bureaucrat,

just at an age when he would be expected to have found himself well-established in a senior position.

Under the present military regime, the situation is less clear. There is a view that although the C.S.P. has formally been abolished, it survives *informally* with the same *esprit de corps* as before, and there is certainly some evidence to show that they have regained some losses. Key jobs are back with the (ex-) C.S.P. officers, when they are not in the hands of military officers, both in the Central and Provincial Governments. A Civil Services Commission was set up under Justice Anwar ul Haq, whose report was submitted in 1979. The C.S.P. disliked the Report and so far, have successfully blocked its implementation—and even its publication. It has secured several changes favourable to itself, for example a reversion to old rules governing seniority. Its interests were at one with those of the military regime in screening lateral entrants appointed by the Bhutto regime, large numbers of whom were weeded out. On the negative side, for the C.S.P., the Federal Public Service Commission and all but one Provincial Public Service Commissions are now headed by army officers; 10% of all posts, at every level, are being filled by army officers, whether in-service or ex-service personnel, by the principle of 'lateral entry' which, however, is denied to civilians. If the old C.S.P. still survives informally and has been compensated for some losses, it is by no means supreme within the state apparatus, as it once was. The military has muscled its way into bureaucratic preserves.

It might be argued, that if the C.S.P., is unable to replenish its numbers by fresh recruitment, it would be only a matter of time before its numbers diminish to a point where it maintains only a tenuous hold on the state apparatus, even if C.S.P. officers continue to survive as an informal group and operate accordingly and its members hold on to high offices. It is now pointed out that in the new services structure, the District Management Group (D.M.G.) is marked out as the potential successor of the C.S.P., and it is suggested that C.S.P. officers encourage such a development. But the D.M.G. lacks the security and the privilege to pre-empt senior posts and, above all, the *esprit de corps* that bound the C.S.P. together.

In the old C.S.P. a new recruit started his career in the Districts. As soon as he arrived at his new post he would immediately be invited to visit the District Commissioner (D.C.) (the officer in charge of virtually all government functions in the District, the boss of all the local officials) and the Commissioner (of the Division, which comprises several Districts) who would both be C.S.P. officers. He would be made to feel one of them, that he belonged and had it made already. He would see himself rising to these positions in a matter of 5 and 10 years, as a matter of course and then to greener pastures, perhaps in the Secretariats. The D.M.G. officer has no such advantages from the outset. He has to work hard to make sure of his future career—which puts a premium on sycophants as against the arrogant independence of C.S.P. officers.

At the time of independence in 1947, the bureaucracy rather than the military dominated the state apparatus in Pakistan. The military then was

in a state of disarray. The old British Indian colonial army had to be unscrambled and regrouped into fresh units. Non-Muslim troops and officers were moved to India and Muslim troops and officers arriving in Pakistan had to be formed into viable military units. Much of Pakistan's share of military equipment physically located in Indian territory never arrived. The army was preoccupied with its own internal problems. Until 1951, the Commanders-in-Chief of the Pakistan Army were British officers on a temporary tenure.

In 1951, General Ayub Khan was appointed as the first Pakistani Commander-in Chief of the Pakistan army, superseding several more senior generals. His appointment to that post was shrewdly judged and secured by General Iskander Mirza, Secretary of the Ministry of Defence, who, despite his military designation, was a career bureaucrat. Ayub Khan was a contemporary of Mirza at Sandhurst and his friend and protégé. He was a weak and insecure man and his insecurity was compounded by the resentment that his premature promotion inevitably aroused in army circles. He knew, therefore, that he had to tread warily and was heavily dependent on Mirza, whom he followed loyally. They jointly perpetrated the *coup d'état* of October 1958 which was at Mirza's initiative. *Eventually, as we shall see*, Mirza's dismissal as President soon after the *coup*, and Ayub's elevation to that office were not due to any initiative on Ayub's part, despite subsequent myth building, but to the intervention of the U.S., because it was unhappy about the *coup* and considered Mirza to be a political liability.

Contrary to our assertion that bureaucratic power was consolidated in Pakistan from the outset, there has been a prevalent myth that Quaid-e-Azam Jinnah, the founder of Pakistan and the head of the 'ruling party', the Muslim League, was the man in full command of the machinery of the state, directing the nation's affairs from day to day with an iron will. Such is the picture, for instance, that is given by Sayeed.³⁰ But that myth was perpetuated by those who acted in Jinnah's name, and obscures the reality of the consolidation of bureaucratic power that lies behind it. Superficially, the towering personality of Jinnah and his unchallenged authority in the country, lends plausibility to such a view. In fact, from the dawn of independence, Jinnah was extremely sick, and was soon to succumb fatally to his illness. He was in no condition to take hold of the affairs of the state in a period of unprecedented crises on all fronts. From time to time he rallied bravely, on special occasions, only to collapse soon after.³¹ Inevitably, the officials on whom he had to rely had a virtually free hand in dealing with the business of government. He had collected around him in the Muslim League, spineless men on whom he could rely little and who were in no position to assert themselves as the nation's political leadership. On the other hand, his Secretary General, Chaudri Mohammad Ali was an extremely competent man, who consolidated bureaucratic power. Jinnah's unintentional contribution to the future of Pakistan was a demotion of the political leadership in favour of the bureaucracy.

Extraordinary powers had been vested in the Governor-General, Jinnah,

which greatly strengthened the hands of these officials, who so easily bypassed the authority of the cabinet and, indeed, the parliament. When the politicians protested, Prime Minister Liaquat Ali Khan reminded the Constituent Assembly that, 'Under the present constitution the man who has been vested with all power is the Governor-General. He can do whatever he likes.'³² Section 9 of the Indian Independence Act, 1947, did, in fact, virtually confer Constitution-making powers upon the Governor-General as a transitional measure for a period of seven and a half months; under this Section he could, by Order, amend the Government of India Act 1935, and Orders in Council, etc., which were the basis of Pakistan's provisional Constitution; this power of the Governor-General was extended by one more year to 31 March 1949.

It is significant that some of the most important Constitutional amendments during this period were made by Order of the Governor-General under these provisions, and not by the Constituent Assembly of Pakistan, whose work was reduced to a farce. Thus, for example, in July 1948, by Order of the Governor-General, a new section (92A) was inserted in the 1935 Act which empowered him to suspend the normal constitutional machinery in a Province in the case of an 'emergency' and to direct the Governor of the Province to assume, on his behalf, all powers of the Provincial Government. This far-reaching power was invoked on a number of occasions in various provinces. The formal concentration of powers in the hands of the Governor-General has been interpreted by some as a shift in the locus of power from the provinces to the centre. Sayeed writes: 'Under the dominating personality of Quaid-e-Azam and his successor, Liaquat Ali Khan, the civil servants effectively controlled the entire administration in the provinces, and politicians were kept in power subject to their willingness to obey Central Government directives.'³³ Sayeed looks at the problem from the narrow perspective of provincial governments and fails to see that central government itself was being run by the bureaucrats, who acted in the name of the ailing Father of the Nation while the politicians acquiesced in this usurpation of power.

After Jinnah's death, Khwaja Nazimuddin was installed as Governor-General. He was a weak and ineffective man who lacked authority, despite the formidable constitutional powers vested in his office. In the public mind, the mantle of Jinnah's authority fell on the shoulders of Prime Minister Liaquat Ali Khan. After Jinnah, Liaquat was the only politician who had a commanding national stature who, had he so wished, could have made a bid to establish political authority over the bureaucracy. But he was a man who had never greatly exerted himself in the field of administration and the making of financial and economic policies; he was quite content to leave such policy-making to officials. He was also faced with the job of holding together his fast disintegrating party, the Muslim League, of which he was President. His excuse for his minimal involvement in the affairs of the state was that his eyesight was very weak and he could not, therefore, spend much time reading through files.

The man who was de facto in charge of the bureaucratic apparatus at the time, was Chaudri Mohammed Ali, Secretary-General of the Government. That post is said to have been created at the instance of the Quaid-e-Azam Jinnah to facilitate quick co-ordination of decisions when problems facing the Government were both extremely urgent and overwhelming. The effect of creating such a post, as pointed out earlier, was to co-ordinate the work of the entire government at a bureaucratic level, by-passing the cabinet. Chaudri Mohammed Ali was a man of outstanding administrative ability and prodigious energy; but also he held strong, Right wing political views, which gave his personality just that edge of commitment to impose himself forcefully on the making of public policy, rather than be satisfied with a 'neutral' bureaucratic role—if there can be any such thing. Although he was able to carry the top bureaucracy with him, some of his ambitious colleagues were already preparing to challenge him, especially General Iskander Mirza, then Defence Secretary, who had the backing of the Army and the Finance Minister, Ghulam Mohammed, a senior ex-bureaucrat, who had made a career in the Finance Department of the colonial government, and commanded powerful support in influential sections of the bureaucracy. After the assassination of Prime Minister Liaquat Ali Khan in October 1951, who was succeeded by Governor-General Nazimuddin, Ghulam Mohammed made a successful bid for power, and his appointment as Governor-General inaugurated the second phase of bureaucratic ascendancy in Pakistan. The post of Secretary-General was abolished, and Chaudri Mohammed Ali was appointed Finance Minister, a position that reduced the extent of power he had exercised previously.

Against the background of the nationalization of Iranian oil in 1951, the U.S. was interested in forging a new relationship with Pakistan; Governor-General Ghulam Mohammed and General Ayub Khan, the Army Commander-in-Chief were its main allies in the moves that followed. A political crisis was created which led to the Governor-General's peremptory dismissal of the Nazimuddin Ministry in April 1953. The energy and effort expended in securing that result illustrates the difference between colonial and post-colonial relationships. Naturally, the Nazimuddin Government and, especially, Foreign Minister Zafrullah Khan did not enthusiastically support the proposed change. The crisis which finally led to their dismissal was simultaneously precipitated in several directions. In March 1953, large scale rioting was instigated in Punjab against the Ahmadiya Community, a minority Muslim sect, to which the Foreign Minister belonged. This followed an ultimatum to the Prime Minister demanding, amongst other things, the removal of Zafrullah Khan from office. To quell the riot, Martial Law was declared.

Another attack was made on the Nazimuddin Government by raising the spectre of an impending famine. The wheat crop that year had not been very good, and a CIA sponsored press campaign was started to magnify the food shortage into a famine scare. This encouraged hoarding and food prices started rising. The Nazimuddin Government in desperation turned to the U.S. for help; but even the promise of food aid from the U.S. was

withheld until the Nazimuddin Government had been ousted in April 1953. Within a week food aid was announced by the U.S. But the promised food did not actually begin to arrive from the U.S. until after the bumper harvest of the following year. The fact that the famine scare was false and had been artificially generated was clear from the fact that the food situation did not deteriorate much further; the year progressed until the following harvest, and Pakistan got by, despite the non-arrival of the promised food aid.³⁴ But in the meantime, the Government had panicked and given way. The objective of the operation had been achieved. The Governor-General appointed Mohammad Ali Bogra, Pakistan's ambassador in the U.S. as the new Prime Minister, in place of Nazimuddin.

The actual manner in which the Nazimuddin Ministry was dismissed was itself quite remarkable and demonstrated, once again, the cavalierly fashion in which the bureaucracy treated constitutional law, conventions and practice. In fact, only a few days before Nazimuddin's dismissal the Assembly had approved his budget by an overwhelming vote! The Nazimuddin cabinet was dismissed by order of the Governor-General. Leaving aside the question of its constitutional propriety, this order clearly demonstrated where power actually resided. The subservient role which the Assembly had come to accept is revealed by the fact that when it met again, soon after, it did not utter so much as a word of protest. Instead, it dutifully voted support for the new Prime Minister, who had been nominated and installed in office by the Governor-General. The team of ministers too, had been chosen for the new Prime Minister by the Governor-General who had also assigned to them their respective portfolios. Thus, at last, the bureaucracy in Pakistan had unambiguously manifested its political supremacy.

The Governor-General, and later under the 1956 Constitution, the President, made and unmade ministries and invariably succeeded in obtaining the necessary parliamentary majorities for the new incumbents. This is perhaps a simplification (for the sake of brevity) of the kaleidoscopic changes in political alignments, and the active intrigues which were involved in bringing about the succession of Governments. But one constant factor amidst all the changes was the dominating and decisive role of the Governor-General, and later the President, an office held by Ghulam Mohammed and after him, General Iskander Mirza, both bureaucrats. Their power was derived essentially from the backing (and their control over) the bureaucracy and the army, rather than from the changing coalitions of politicians whom they successfully manipulated from crisis to crisis.

A challenge to the bureaucratic authority of the Governor-General came in 1954 after the dramatic result of the East Pakistan provincial election. The results of that election were beyond belief for the 'United Front' opposition, as well as for the Government. The 'ruling party', the Muslim League, confident of victory, secured no more than 10 seats out of a total of 309! Troops and naval units were rushed to East Pakistan. General Iskander Mirza was sent to Dacca to take charge of the situation. The newly-installed 'United Front' Government was dismissed from office and 'Governor's rule'

was established under Mirza. A wave of repression and large-scale arrests followed.

Paradoxically, the sharp verdict of the people of East Pakistan served to embolden the members of the Constituent Assembly, who began to take a more independent stance vis-a-vis the dominating bureaucracy. In October 1954, they introduced in the Assembly proposals for Constitutional amendments designed to curb the powers of the Governor-General. Before these amendments could have effect, however, the Governor-General declared a 'state of emergency', dissolved the Constituent Assembly and assumed full powers. The legality of the Governor-General's *coup d'état* has been debated at length and was tested in the courts. But what concerns us here is the de facto power of the Governor-General, representing the bureaucratic-military oligarchy, who was able to impose his will over the heads of the cabinet and the Parliament. This, once again, demonstrated the ineffectiveness of the political leadership when confronted by the bureaucracy and the army. A new cabinet was appointed by the Governor-General. Significantly, it included General Ayub Khan, the Commander-in-Chief of the Army, as Defence Minister (he continued in his position as C-in-C) and General Iskander Mirza as Minister of Interior. The military-bureaucratic oligarchy had assumed power *directly* for the first time.

Without the Constituent Assembly (and appeal to its democratic principles), the new regime evidently needed some alternative source or principle from which it could derive and legitimize its authority. Given the bureaucracy's paternalistic self-image and the fact that its own representative was at the head of Government, the concept of 'guardianship', which had been made so much of by the bureaucrats and their apologists, could have been advanced as a legitimizing principle. The bureaucracy could have ruled openly in its own name. At this moment the notion of guardianship was put to the test. It turned out to be hollow. It was clear that it was simply a flattering self-image of the bureaucracy. It stood discredited because of its corruption, nepotism and harassment of the public. The regime had to invoke some other legitimizing principle.

Governor-General Ghulam Mohammed turned to General Ayub Khan, the Commander-in-Chief of the Army, and asked him to assume power in the name of the army. Ayub Khan however, under the guidance of Iskander Mirza, declined to do so. One might ask: precisely what was the Governor-General's object in making such a suggestion to General Ayub Khan? since, clearly, it was not simply a request for the Army's support for his Government. The Government already enjoyed the full support of the armed services to the extent of the participation of the Commander-in-Chief of the Army, General Ayub Khan, in the cabinet itself. What was, in fact, being asked for was a *symbolic* 'seizure' of power, which would establish the army as a source of political virtue and a guardian of the nation's interests in an hour of crisis, and the legitimating basis of the regime. General Ayub Khan's close friend and patron, General Iskander Mirza, a bureaucrat, who proved to be an astute manipulator of politicians, viewed this course with distinct disfavour,

in an interview with the *Daily Telegraph* of London on 12 November 1954, declaring that the Pakistan army had no desire to be involved in politics. Mirza, who had by now emerged as the 'strong man' (and what better reason for this than the powerful backing of the army as well as the bureaucracy), favoured the restoration of some kind of parliamentary machinery, although he made it quite clear that he would prefer an authoritarian constitution. He had, for some time, been talking about the virtues of 'controlled democracy'.

In the event, a new Constituent Assembly was elected by the Provincial Assemblies and got to work on a Constitution which was completed in 1956. Iskander Mirza, who had in the meantime succeeded as Governor-General, was installed as the first President of Pakistan. The period that followed was one of political upheaval, not least because of the upsurge of the democratic movement all over the country. Mirza appointed and dismissed a procession of ministers, and the intrigue of bureaucrats pervaded the whole political life of the country. In proclaiming the *coup d'état* of October 1958, Mirza declared that, 'For the last three years I have laboured to bring coalition after coalition, hoping to stabilize the administration. My detractors in their dishonest ways have on every opportunity called these attempts palace intrigues. . . .' It is an eloquent comment on his own active and decisive role in the political arena, in making and unmaking successive 'parliamentary' governments.

The *coup d'état* of October 1958 was, therefore, no 'seizure' of power. Its authors, General Iskander Mirza as the President of Pakistan and General Ayub Khan as the Commander-in Chief of the Army, already held the reins of effective power in their hands. It was, rather, a dismissal of the politicians who had provided a facade of parliamentary government, and the dismantling of the constitutional apparatus, through which new political forces were emerging and challenging bureaucratic power on the eve of the first general elections that were to have been held in the country. 1957 and 1958 were years of a great political upsurge in the country and, if the results of the 1954 East Pakistan elections were any guide, it seemed most likely that many of the veteran politicians, who had so readily complied with the wishes of the bureaucracy, would not find themselves in Parliament again. The election was postponed repeatedly while manoeuvres to precipitate a 'crisis' went on.

The regime established after the 'military' *coup d'état* in October 1958, was not essentially military in character. Iskander Mirza, a bureaucrat, remained President and General Ayub Khan was designated as the Chief Martial Law Administrator, simultaneously retaining his position as the Commander-in-Chief of the army. Another bureaucrat, Aziz Ahmed, was appointed as Chief Secretary to the Government, with day-to-day control of the entire machinery of government, and as Deputy Chief Martial Law Administrator. An Advisory Council was created on 8 October 1958, consisting of the newly appointed civilian Chief Secretary to the Government and civilian Secretaries of the eight ministries of the Central Government, which effectively took over charge of the administration. The Provincial Governments were to function under the Provincial Governors who continued to

enjoy the same powers as before. On the whole, the Martial Law Administrators concentrated on the 'law and order' function and were in charge of Military Courts which had exceedingly wide summary powers. There was a shake-up of the bureaucracy, and some of its staff was dismissed or disciplined after summary investigations of charges of corruption, reputation of being corrupt, or inefficiency. Many of the arbitrary actions of Martial Law Administrators in the field of economic policy, such as price controls, as well as in the improvement of public behaviour and morality, brought about some transient improvements as well as hardship and some resentment; but also much administrative confusion. After a quixotic interlude, however, the administration was soon returned completely to civilian hands. On 11 November 1958, all troops were ordered to withdraw from 'assisting civilian authorities' with immediate effect. Martial Law and the military courts remained.

The Pakistani bourgeoisie was not overjoyed by the *coup d'état*; it resented and feared the initial rhetoric and summary methods whereby the new regime tried to show its determination to root out corruption, which included some (not much more than symbolic) action against the bourgeoisie on matters of tax evasion and illegal acquisition of foreign exchange. The United States was a good deal more unhappy with the coup. It was clear that the prospective elections would have swept into power the Awami League in East Pakistan and the Qaiyum Muslim League in West Pakistan, both of them committed and loyal allies of the U.S. Nothing could have suited the U.S. better than to have its dependable allies brought to power in Pakistan through democratic elections. The coup had upset that prospect.

The U.S. was also concerned about the viability of the new regime. The country has been in the throes of a political crisis. Mirza lacked the standing and authority to establish a stable regime—the stability of regimes is clearly a major concern of metropolitan capital and it is sophisticated enough to realize that long-term stability is not necessarily secured by military-backed autocratic regimes which are to be set up as a last resort rather than the first. The regime most preferred is not determined by some general formula, but by the way in which political forces are aligned and the alternative possibilities that exist at a particular moment of time. Against the background of the political crisis in Pakistan and the *coup d'état*, C.B. Marshall, a member of the State Department Policy Planning Staff, voiced the American concern and warned of 'The danger of trying to reach a new concord on anything but a political basis'.³⁵ He saw danger arising from the pre-emption of the elections by the *coup d'état*, for he believed that under Mirza, it would be a destabilizing development. The *coup d'état* was, however, a fact to be reckoned with. As far as the U.S. was concerned, there could be no simple return to the pre-coup position; new solutions had to be worked out, and the U.S. had to regain its initiative. Marshall assured his readers that, 'I, in turn, never urged democracy as such. The essential things I stressed were consensus, authority, a sense of policy—the creation of institutions to enable the state to amount to something and to go somewhere'.

A fortnight passed before the U.S. regained the initiative. On 24 October

1958, following a hectic four-day visit to Pakistan by U.S. Defence Secretary, McElroy, President Iskander Mirza was dismissed from office and General Ayub Khan was installed as President in his place. Ayub had never been capable of precipitating the coup on his own initiative in the first place, as subsequent myths sometimes suggest; he was Mirza's creature. Now he became, more directly, a creature of his American masters. His American advisers and local officials soon went to work to devise civilian institutional foundations for his regime that took the form of the so-called 'Basic Democracy'—the basis of the 1962 Constitution upon which the Ayub regime based itself.

The new constitutional system, labelled 'Basic Democracy', provided for indirect election of the President and members of the National and Provincial Assemblies by 'Basic Democrats' who were members of local councils in villages and towns. The whole structure was founded on a hierarchy of local councils whose work was closely integrated with that of the bureaucracy at the local level. By virtue of that, the bureaucracy and the state were directly linked with local level power-holders, who benefited greatly from state patronage, by-passing and isolating political leadership at higher levels. It was a system that was ideally suited to bureaucratic control and manipulation, while at the same time allowing for elections at the local levels (dominated by landowners) thus conferring a semblance of legitimacy on the government. Because of its extreme corruption, as well as the fact that it greatly strengthened the hands of oppressive landlords in rural areas, the system was universally hated and in the movement that eventually brought down the Ayub regime, the abolition of 'Basic Democracy' became a major demand. Although the present military regime has attempted to resurrect a similar system at the local level, the system under Ayub Khan fell into such disrepute that, by devising a different nomenclature for the local councils, the Zia regime has tried to distance it from 'Basic Democracy'. Its structure, however, is similar and the same set of people are now in control of it.

The Decade of Development and Structural Break

During Ayub Khan's 'Decade of Development', both the indigenous bourgeoisie and the landowners prospered, and foreign capital too, made inroads into the Pakistan economy on a much greater scale than ever before. Against the background of galloping inflation, wages were held down by Draconian labour legislation and repression. While the bourgeoisie prospered, in rural areas, rich farmers and landowners with large marketable surpluses benefited greatly from the extraordinarily high support price for wheat, and other forms of subsidies on agricultural inputs. By contrast, the condition of the lower strata of the peasantry deteriorated sharply.³⁶ The extent of the deterioration of the conditions of the working class is indicated by the fact that the share of wages in value added in industry fell from 45% in 1954 to a mere 25% in 1966.³⁷ While there are no comparable figures

for other classes of population, there were clear indications that the condition of the lower salariat had deteriorated no less. Furthermore, as landowners continued to be free of income tax and industrialists enjoyed 'tax holidays' for varying periods of years, the tax burden on the common people was intensified; indirect taxes on articles of common consumption rose to unprecedented levels to raise funds for the government's development plans. A breaking point was inevitably reached in 1968-69 when the people across the whole country erupted into a spontaneous and unprecedented mass movement against the regime and brought it down.

This mass movement in the winter of 1968-69 marks a structural break in the political history of Pakistan. It inaugurated a qualitatively new stage of political development. Hitherto, radical and Left 'movements' in Pakistan were limited to small groups of intellectuals—academics, journalists and students, largely isolated from the grass-roots. Because of that isolation, they were neither in a position to initiate such a movement, nor were they able to give it effective leadership and direction when indeed it did arise. Parties to the Right were, of course, frightened by the character of the movement and, where possible, tried to sabotage it. But everywhere, young men and women, both in rural and urban areas, students, workers and peasants, were drawn actively into the movement, giving it local leadership and organization. A new political animal had come on to the scene — the grass-roots cadre, the activist and organizer. Most of these young activists were politically naïve and ignorant—their asset was their absolute integrity and commitment. Some of them later relapsed into political inactivity, lacking the drive and momentum that party membership would have provided. Many of them, full of idealism, gravitated behind Bhutto and the PPP, responding to its radical rhetoric—although many of these, in the light of new political experience and understanding, moved further Left. A considerable number joined Left parties and groups—they are an active force behind the striving for Left Unity in Pakistan. The Left parties and groups were now more deeply rooted among the common people than ever before. The working class movement in particular played a decisive role in the successful struggle against the Ayub regime, although during the 1970s it declined.

Given the impotence of Right wing parties, and the absence of organized parties of the Left capable of intervening in the situation, the initiative once again passed into the hands of the military-bureaucratic oligarchy. General Yahya Khan, Commander-in-Chief of the Army, stepped into the breach after the fall of Ayub. Yahya himself represented the same coalition of social forces as Ayub Khan, but his regime was a curious mixture of contending forces. A well-informed commentator on the Pakistan scene, Major General (Rtd.) Fazal Muqem Khan, noted that 'Ayub Khan . . . within the first week of his becoming CMLA and President had completely cut himself off from the Armed Forces, and ruled through the institutions of civil government.' However, he pointed out, 'Yahya Khan, likewise, also kept the Armed Forces out of all government institutions' but, unlike Ayub, he cut himself off also from most civil institutions.³⁸ Nor did the

CMLA HQ make policy. Those who were close to the centre of affairs at the time could not escape the conclusion that there was a secret cell in operation, with U.S. advisers, who were at the heart of decision-making. Fazal Muqeem Khan, in his account, reduces the status of such a cell to a mere personal coterie of officers. He wrote:

Generally, the Armed Forces' officers contemptuously referred to the few army officers around the President as the 'coterie'. It should not be mixed up with HQ CMLA. By July 1970, senior officers at HQ CMLA were complaining that decisions were being taken on personalities and national issues by the President on the advice of the coterie without their knowledge. The coterie, according to them, had become super-headquarters and a sort of Mafia and made the President inaccessible.³⁹

From within the army, the Yahya regime had to contend with radical pressures for reform. In using the word 'radical' advisedly, it should be pointed out that these elements included radical Right, as well as those who had populists' notions about reforms but whose political positions were ill-defined. They rallied behind Vice-Admiral Ahsan, the Navy Chief who was Deputy Chief MLA in charge of all the economic ministries and, therefore, well positioned to initiate measures of reform. On the other hand, there was Air Marshal Nur Khan, also DCMLA, who was one of the most powerful men in the country, a staunch representative of landed interests. Nur Khan was put in charge of all the non-economic ministries, which gave him little scope for action. Yahya and his 'coterie' resolved this situation of contending forces pressing upon him by isolating the army hawks by interposing a nominated puppet civilian cabinet between them and himself, as an earnest of his commitment to hold elections and restore civilian parliamentary rule. The bureaucracy was restored to its customary role. Ahsan was despatched to East Pakistan as Governor, dislodging the key control of the economic ministries from his hands—he was later to use his new position to fight for East Pakistan's case on various issues, including the formulation of the Fourth Five Year Plan. Nur Khan, on the other hand, appointed Governor of West Pakistan, found himself in a more effective position to fight for the cause of land-owning interests, for most of the relevant matters were within the competence of the provincial governments. On occasion he did not hesitate to come up to the centre, force his way unceremoniously into meetings of the economic committee of the cabinet (which I attended) and, on issues such as the support price of wheat, dictate decisions to the cowering ministers that were contrary to the advice tendered by the Planning Commission and which it seemed that ministers might have acted upon but for Nur Khan's personal interventions. The radical and reformist forces, such as they were, were easily isolated and defeated, but nevertheless, they were a significant element in the rank and file of the army and had to be placated. Yahya Khan undertook some ineffectual (essentially symbolic) measures against some businessmen

for evading taxes and exchange control regulations. Likewise, 302 civil servants were suspended on serious charges—but were in due course reinstated or let off lightly. The form of the regime was military, but one can see the complexities that underlay that form. On the whole, despite its outwardly military character, the Yahya regime soon came to rely heavily on the bureaucracy.

It was expected on all sides that the elections promised by Yahya (and his 'coterie') would return a deeply divided parliament and several political parties with fragmented support, leaving the military—bureaucratic oligarchy as the final arbiter, as before. The actual results surprised everyone, for two major parties emerged with overwhelming support in East and West Pakistan respectively. The Awami League, with one exception, won every seat in East Pakistan and acquired an absolute majority in the prospective National Assembly. The Pakistan Peoples Party, the second biggest party, acquired an unchallengeable position in West Pakistan. An Awami League dominated East Pakistan based government would threaten the interests of the army, for they wanted rapprochement with India as a basis for reduction in military expenditures to make more resources available for development of East Pakistan. Such a government also held prospects of accelerated promotions in the bureaucracy for East Pakistanis, dampening the prospects of much further promotion for senior West Pakistani bureaucrats during their lifetimes. The East Pakistanis also advocated taxation of agricultural incomes and less lavish subsidies for landowners, which in effect, threatened West Pakistani landowners. The only economically dominant class prepared to go along with the Awami League's political and economic demands was the bourgeoisie, whose interests were less directly threatened and who, indeed, had a large stake in maintaining the unity of the country that would secure their markets in East Pakistan. It was against the background of this alignment of forces that the crisis of 1971 unfolded, culminating in the liberation of Bangladesh. After the debacle in Bangladesh, the army itself had to face a major crisis of legitimacy in what was left of Pakistan. The PPP regime had to be installed, as stated above. The military—bureaucratic oligarchy, for the first time in Pakistan's history, had lost the initiative and now had to confront a powerfully entrenched political party with a forceful leader, with results that we have already examined.

The PPP in fact rested on contradictory political supports. On the one hand large numbers of radical elements in the country, the oppressed and the poor and the 'intelligentzia', had rallied behind its slogan of 'bread, clothing and shelter'. On the other hand, the PPP leadership had forged alliances with some of the most reactionary elements in the country, powerful landowner factions that dominated the countryside—some of the most powerful of them joined the party soon after its overwhelming political victory. This contradiction between the opposed forces on which the PPP rested was bound to express itself in bitter struggle within the party. The radicals and the Left soon lost ground and the Right consolidated itself. Far too much has been written about the PPP on the strength of its populist rhetoric, ignoring

this very real struggle between diametrically opposed forces within it and its actual outcome.

The radicals in the PPP began to fight a losing battle soon after the PPP regime was installed in office and had undertaken a number of radical measures in the first few months. The rout of the PPP radicals was complete when in October 1974, leading radicals, like Finance Minister Mubashir Hassan, and senior party men like J.A. Rahim and Khurshid Hassan Mir, were thrown out of the cabinet. Others, like Mairaj Mohammad Khan, had been removed much earlier and 1974 is not the time when the massive shift to the Right began. In their place some of the worst and most reactionary elements in the country were appointed. The most brutal repression of the PPP regime, not surprisingly, was directed against the radical rank and file of its own party. Bhutto thus forfeited his support from the masses whom he had betrayed. It is not altogether surprising to see that when the agitation against him began in 1977, the working class which had earlier rallied behind him, was not a silent spectator. Whilst not actually joining the reactionary forces against him, it did not move to demonstrate support for him. Because of his personal vanity and vindictiveness and cynical reversals of policy on short term calculations, Bhutto had a genius for alienating all social forces. He had already alienated the bourgeoisie, as discussed earlier, and likewise the U.S. His fatal mistake was the alienation also of the most powerful class in which he had established a base, the landowners, when he made a desperate bid to regain popular support in preparation for the 1977 elections. In July 1976, preparing the ground for the forthcoming elections, Bhutto, in a surprise move, announced the nationalization of agro-processing industries, namely cotton ginning, flour milling and rice husking. The decisions and plans were made in secret and his Right wing ministerial colleagues were presented with a *fait accompli* on the day when the nationalization was announced. If anyone were to have conspired to bring down the PPP regime, they could not have found a more explosive move to achieve that purpose.

The nationalization of the agro-processing industries hit the class from which Bhutto had drawn his most powerful support. After alienating popular forces, he was more dependent on them than ever before. Cotton ginning mills, flour mills and rice husking mills are, in the main, owned by landowners—in fact by that section of landowners who, since the exodus of the Hindu trading classes in 1947, have also established themselves as the main traders in agricultural commodities in *mandis*, or local markets at the district and sub-district levels. The *mandi* organization is an extremely powerful and effective network that extends all over the country and its tentacles reach out into every village and town. They were solidly behind the 1977 agitation against the PPP, on which they spent vast sums of money, in the hope that with the downfall of the PPP regime they would get their enterprises back. The agitation protesting against the election results was well planned in advance—as *mandi* merchants and owners of the enterprises concerned, gleefully admit. The army itself played a skilful role in promoting the movement through its various stages, hoping, through a prolonged display

of the disarray of the political leadership to regain some of its own lost credibility. It was in its interest to have a protracted movement and a show of fruitless negotiations between the politicians, and therefore, not to act too soon. In fact, it is suggested that General Zia acted at the moment when a pact had already been agreed upon between the PPP and some of the opposition parties and a political solution to the crisis worked out. Be that as it may, General Zia ul Haq took over on the basis of a promise to hold elections within three months; he has clung to office indefinitely.

The Fall of the Peoples' Party and the Latest Military Regime

The PPP regime had, by the end, alienated itself from all the three economically dominant classes, and equally from the subordinate classes. As a populist party, however, its grass-roots links remained and it seemed that in a free election it would still be able to emerge victorious. That was the fear that perpetuated army rule. The initiative for this came from the army. It would be difficult to maintain that the military regime of General Zia was *chosen* by the economically dominant classes, although the regime clearly stands for their interests. What the economically dominant classes want above all is a 'stable' regime, and for the first two years of its existence there was wide concern amongst them about its long-term viability—and to some degree such uncertainty still worries them.

The military itself, more than any other section of society, is General Zia's constituency. His is the first truly military regime in Pakistan—the same could not be said about the regime of Ayub Khan or even for that matter, that of Yahya Khan. This is a very narrow and tenuous basis on which any regime might stand. Its dependence on the military itself for its survival and the flagrant way in which it has set about corrupting the military in order to reinforce support for its continued existence, is a mark of its weakness in civil society. The unprecedented brutality of the regime reflects its failure to legitimate and establish a social base for itself. Its attempts to strike terror into the minds of its opponents is a measure of its failure to build up for itself positive and secure support.

The most striking feature of the regime's operation, therefore, is the blatant patronage being extended in every conceivable way to military personnel and their relatives. Martial law officers exercise arbitrary powers which many of them use freely for personal advantage. Military officers and their relatives are being appointed to positions in the civil bureaucracy and the numerous state corporations, pushing out civilian employees—this is giving rise to much grievance among the salariat. Businessmen often find that they cannot get permits for prospective ventures unless they accept military officers or their relatives as partners. Military officers on martial law duties share bribes with civilian officials. Such corruption of military officers on martial law duties has created a good deal of resentment even within the military itself. Professional soldiers are concerned about the corrosive effect of all this on the military as a fighting force—some of them recall the conditions of the KMT army before the Chinese revolution! A negative feature

of these developments is the exodus from the army for more bureaucratic jobs outside, including emigration to the Middle East. Soldiers would rather make money there now than wait for their army pensions. The army itself is being undermined.

The regime is, of course, conscious of the need to broaden its political base. It has attempted unsuccessfully to co-opt the support of some Right wing political parties—their reluctance to associate formally or publicly with the regime also indicates their judgement of its unpopularity. Lacking any claim for political legitimacy, the Zia regime has decided to justify its attempt to perpetuate its rule by a new claim, namely that it has a mission to create an Islamic economy and polity in Pakistan. But here again, it is caught between the claims of its rhetoric and the expectations that are aroused, and the actual options open to it, given the structural imperatives of peripheral capitalism to which it is bound.

Given its inability fundamentally to restructure Pakistan's economy, the regime is forced into symbolic measures to demonstrate its Islamic commitment, which does not touch fundamentals. It has passed laws introducing some Islamic forms of punishment for certain offences. It has introduced the gimmickry of 'interest-free banking' which consists of no more than the introduction of a special optional category of deposit accounts with the (nationalized) banks where instead of a fixed interest, the depositor gets a share of profits earned by the bank from the funds so earmarked; the rest of banking procedures continue as before. The regime has introduced *zakat* as an Islamic tax, but only as a supplement to the existing taxes—there is no question of scrapping the entire modern fiscal structure in favour of an Islamic one. There have been difficulties even about *zakat* because of sectarian differences. Shia's, for example, have been granted exemption from paying *zakat* to the state, on grounds of their particular creed. The government has been taking a long time formulating proposals for another tax, *ushr* or tithes. With these few measures, the regime has already reached the limits of what it can do within the framework of a peripheral capitalist economy. It has been forced to acknowledge as much in a report issued by the Ministry of Finance on Islamization of the economy, which points to the complexities of the problem and says that Islamization will have to be a long and slow process.

The government's propaganda about creating an Islamic economy and polity is already proving to be counter-productive, for it is raising expectations that cannot be fulfilled. The majority of the people of Pakistan have, over the past 35 years, already learnt to be mistrustful of those in power who exploit the name of Islam—for they have come to realize that instead of the good society promised them, the opposite is, in fact, effected by men of power. They would much rather rally behind concrete slogans, such as that of the PPP for 'bread, clothes and shelter'. They are acutely aware of the fact that men of power exploit religious slogans for the purposes of power and do not take their own professions at face value. On the other hand, the few among the public who are strongly ideologically oriented and who, in the first

instance, do take these slogans seriously, soon find themselves frustrated and cheated. The slogans raise their expectations. The higher their hopes are raised the more bitterly do they feel betrayed, and such disillusionment is already being expressed openly. Prominent members of the Council of Islamic Ideology resigned from that body on the grounds that it was just a showpiece and that the government had no serious intentions of actually doing anything practical in the matter. The path of exploiting religious ideology, on which the regime is embarked, is one leading to political bankruptcy rather than ideological consolidation.

Notes

1. This was argued in H. Alavi, 'Armée et Bureaucratie Dans la Politique du Pakistan', in A. Abdel Malek (ed.) *L'Armée Dans La Nation*, (Alger, 1975).
2. H. Alavi, 'The State in Post-Colonial Societies' in *New Left Review* 74, 1972, and in Kathleen Gough and H. Sharma (eds.) *Imperialism and Revolution in South Asia* (London, 1973).
3. H. Alavi, 'India: Transition from Feudalism to Colonial Capitalism' in *Journal of Contemporary Asia* Vol. 10 No. 4, 1980.
4. H. Alavi, 'The Structure of Peripheral Capitalism' in H. Alavi and T. Shanin (eds.) *Introduction to Sociology of the 'Developing Societies'* (London, 1982).
5. H. Alavi, 'State and Class Under Peripheral Capitalism', in H. Alavi and T. Shanin (eds.) *Introduction to Sociology of the 'Developing Societies'* (London, 1982).
6. S. J. Burki, 'The Development of Pakistan's Agriculture' in R.D. Stevens, H. Alavi and P. Bertocci (eds.) *Rural Development in Bangladesh and Pakistan* (Honolulu, 1976).
7. H. Alavi, 'The Rural Elite and Agricultural Development in Pakistan' in R.D. Stevens, H. Alavi and P. Bertocci (eds.) op. cit., p.340.
8. Mahbub-ul Haq, 'Tied Credits — A Quantitative Analysis' in John Adler (ed.) *Capital Movements and Economic Development* (London, 1967).
9. Banking Control (Restriction of Branches) Act.
10. Mahbub-ul Haq, op. cit.
11. See Notes 3 and 4 above.
12. This was examined by me in some detail in the Land Reform issue of *Pakistan Today* in 1959.
13. See my paper, 'Elite Farmer Strategy and Rural Development in Pakistan' reprinted in this volume.
14. Keith Callard, *Pakistan — A Political Study* (London, 1957) p.77.
15. I analysed this in some detail in my paper on 'The Army and Bureaucracy in Pakistan', published in French translation, see Note 1.
16. Sir George MacMunn, *The Martial Races of India* (London, n.d.) p.233.
17. Ibid.
18. Analysed in my paper on 'Elite Farmer Strategy and Rural Develop-

- ment in Pakistan' reprinted in this volume.
19. Major-General Fazal Muqem Khan, *Story of the Pakistan Army* (Karachi, 1963) p.159.
20. Colonel A.A. Jordan, *Foreign Aid and the Defense of S.E. Asia* (New York, 1962) p.45.
21. For a critique of Huntington see Colin Leys, 'Ideology of Imperialism: Samuel Huntington and the End of Modernisation Theory' in H. Alavi and T. Shanin (eds.) *Introduction to Sociology of the 'Developing Societies'* (London, 1982).
22. In 1955 there were about 490,000 employees in government service (excluding Post and Telecommunications, Education and Medical Services). In 1960 the CSP numbered 357 and the number was increasing at the rate of about 20 a year.
23. Philip Woodruff, *The Men Who Ruled India - The Guardians* (Vol. II) (London, 1954).
24. Ralph Braibanti, 'The Civil Service of Pakistan - A Theoretical Analysis' *South Atlantic Quarterly* Vol. VIII No. 2 (Spring 1959) p.281.
25. *Ibid.*, pp. 266-7.
26. Thus, for example, several ministers in their evidence before the Muddiman Committee gave specific examples of such behaviour by their Secretaries. But the Committee's Report glosses over them. See *Report of the Reform Enquiry Committee, 1924* (CMD 2360) (London, 1924).
27. C.P. Bhambri, *Bureaucracy and Politics in India* (Delhi, 1971).
28. Keith Callard, *op. cit.*, p.5.
29. K.B. Sayeed, *Pakistan: The Formative Phase* (Karachi, 1960) chs. IX and XIV.
30. *Ibid.*, *passim*.
31. See Hector Bolitho, *Jinnah - The Creator of Pakistan* (London, 1954) pp.208-16 for an account of Jinnah's illness and death.
32. Quoted by Sayeed, *op. cit.*, p.261. Sayeed provides a useful account of constitutional changes which concentrated powers in the hands of the Governor General; he does not quite see that these powers were used freely by those who acted in Jinnah's name.
33. Sayeed, *op. cit.*, p.383.
34. For more details see H. Alavi, 'U.S. Aid to Pakistan' in *Economic Weekly*, Special Number, Bombay, July 1963 (copies may be obtained from the author while they last).
35. C.B. Marshall, 'Reflections on a Revolution in Pakistan', *Foreign Affairs*, Vol.37 No.2, January 1959, p.255.
36. See H. Alavi, 'Elite Farmer Strategy and Rural Development in Pakistan' reprinted in this volume.
37. A.R. Khan, 'What Has Been Happening to Real Wages in Pakistan?' *Pakistan Development Review* Vol. VII No.3, Autumn 1967.
38. Fazal Muqem Khan, *Pakistan's Crisis of Leadership* (Islamabad, 1973) p.26.
39. *Ibid.*, p.27.

4. Democracy and Dictatorship

Aijaz Ahmed

... despite Mr Bhutto's juggling with the command structure and his many rewards to Army and Police, there will still be a *coup* ... this type of regime is likely not to *start* in the tradition of Suharto or Pinochet; rather, it is likely to adopt a populist and puritanical stance ... In the name of an 'Islamic way of life', it will impose a medieval labor code in the factories; will weed out all remnants of intellectual life in the universities; and will seek to reverse all the marginal gains the peasantry has made during struggles of the past five years ... and terror under such a regime, if it comes about, is likely to reach a scale heretofore unknown and unimagined in our body politic.¹

As the de-stabilization campaign against the government of Zulfikar Ali Bhutto got under way after the elections of March 1977, one got the impression that ground was being prepared covertly for a takeover by the ultra-Right, with the much publicised 'democratic movement' fitting into the scheme of things rather like the famous 'strikes' of truckowners, housewives and some other elements of the middle strata in Allende's Chile.²

Coup of the Ultra-Right

This impression became unmistakable as one examined the political composition of the so-called 'democratic movement', led as it was by political parties of the extreme Right, viz. the *Jama'at-i-Islami* (henceforth *Jama'at*),³ *Jami'at-i-Ulema-i-Islam* (JUI), the Muslim League (ML), and *Tehrik-i-Istiqlal* (*Tehrik*).⁴ Moreover, the demands of this 'Movement' were indicative of its temper and purpose; significantly, the chief demand was that the Army — the same Army whose bloody deeds in Bangladesh and Baluchistan are well enough known — should form the government and ensure 'free and fair' elections. Meanwhile, the social base of this 'Movement' was comprised of the most retrograde sections of the petty bourgeoisie and the city lumpen proletariat, while it was backed by a cluster of trade unions nurtured over the years by the American Institute of Labour and its affiliates. The tactic of colossal disruption, with losses in production and property calculated at \$2 billion,

not to speak of the countless dead, was itself a classic of pre-fascist upheavals. This massive disruption of the domestic economy was closely synchronized with cancellation of sale agreements for fighter aircraft by the Carter administration, cancellation of loan agreements by the First National City Bank, and refusal of the Aid-to-Pakistan Consortium to even hold a meeting while the destabilization campaign raged in the country. In context, it became fairly clear that certain policies of the Bhutto regime — e.g. increasing concessions to the Soviet Union, the nationalization of agro-based factory units, the state monopoly in rice exports, the announcement of far-reaching land reforms in January 1977, etc. — had led to a confluence of domestic and external determinations to oust the Bhutto regime and to replace it with a regime of the ultra-Right. The *coup* of July 5, 1977, which did just that, was thus an altogether unsurprising denouement.

Upon taking power, the *junta* kept a predictable low profile, claiming 'no political ambitions' for itself and promising elections within ninety days. At the time of this writing, in October 1978, the military dictatorship has completed fifteen months in power, has created a so-called 'civilian' government by appointment, has set no date for elections, and has undertaken such far-reaching modifications in the established constitutional covenant, in the administrative and economic structures, and in the ideological perimeters of the state that one cannot now imagine the military returning to the barracks, except in the event of either a social revolution or yet another — and quite likely — break-up of the country.

The Constitution of 1973, we are told, still lives, although the Chief of the Army Staff has also said, on television, that he is answerable to none but Allah, and the country is governed through military courts and martial law regulations which violate the constitution in letter and spirit. The Chief Justice of the Supreme Court, who was expected to resist, was dismissed on 24 hours' notice. All other judges of the Supreme Court and High Courts have been required to take a fresh oath of office, suitably rephrased to legitimise military rule. It is a measure of the bankruptcy of bourgeois institutions in Pakistan — where the *New York Times* perceived a 'sturdy and independent' judiciary after Bhutto was sentenced to death — that none of the judges refused to take the new oath, while the ceremony was supervised by Generals Zia and Chishti, in full military regalia. In turn, the same judges dutifully administered, with scant regard for legality, the oath of office to the Chief Martial Law Administrator when he later decided to usurp the Presidency as well. Earlier, these judges had already upheld the imposition of martial law, itself altogether unconstitutional, as a '*necessary* deviation from the law'.

This crisis of constitutional legitimacy and of judicial institutions is combined further with unprecedented political repression and a steep decline in social ethos. For instance, physical torture has of course always been widespread in Pakistan, but no previous government has been brazen enough to institutionalize it or even confess it; now corporal punishments, such as amputation of limbs, have been made part of the penal code; floggings have

been staged in public places, so as to brutalise national culture and terrorise the populace; and the regime has now even promised to televise executions in the future. The estimates of political prisoners apprehended by this regime range between twenty and one hundred thousand. The truth must lie somewhere in between; over a thousand, we know, have been flogged inside prison walls and at least ten have died as a result of these floggings. Bhutto's Pakistan Peoples Party (PPP) is thus far the main target of this repression, but the scope of intent is much wider; 'Everybody knows I'm a man of the Right', the Chief of the Army Staff exults, 'all these liberals and democrats better move to the Centre'. In his lexicon, liberals are Leftists and hence dangerous. Scores, perhaps hundreds, of workers have been killed, as, for example, in January when at least seventy were shot dead in the streets of Multan. Groups of women have been beaten up inside the High Court compounds, in full view of photographers, with the regime not bothering even to institute an inquiry. Every time the Opposition plans to mount a political rally, the police simply round up thousands of young men (and now, increasingly, women as well) on the basis of information gathered through covert organizations of the *Jama'at*. The news media are gagged; dozens of journalists have been imprisoned at various times; television workers have been flogged; some publications are banned altogether, while others are functioning under strict censorship codes. The Armed Forces, loudly committed to safeguarding the 'ideological frontiers' of the country, have been awarded a permanent role in Police and Civil Administration, while, in the ideological sphere, Islamic pieties are in full bloom. Before being appointed Law Minister in the illegitimate 'civilian Government', Mr Brohi, the country's most reactionary lawyer, had the audacity to argue in the Supreme Court that the present regime needed no legal basis for its existence because it had come into being in order to promulgate an Islamic social system — Islam, and the military regime as its political expression, was *ipso facto* above the law.

In short, the fascist potential which had appeared in March 1977 as one possibility among others, is now the dreadful story of our daily lives, and the chief author of this story is Zia ul Haq, a man of kulak origins, Pakistan's Chief of the Army Staff, Chief Martial Law Administrator, and now President by self-appointment — a man who is well known for his role as a key advisor to King Hussein during the Black September events in 1970.

That the repressive apparatus of the state should so blatantly assume once more the tasks of its political apparatus shows in no uncertain terms that the reformist model of the Bhutto era has failed and that the propertied classes are unable to devise a civil structure to contain the acute crises of the polity. Conversely, the increased transparency of the repressive apparatus extends the very crises which its activity seeks to resolve. In this situation, two contrasting strategic perspectives are developing among Marxist groups in Pakistan. Some comrades have argued, implicitly in writing and explicitly in discussions, that (a) since the Bhutto regime was undoubtedly liberal and 'progressive' compared to the present military dictatorship, and (b) since Bhutto has already become the focus of the democratic upsurge in Pakis-

tan, it is necessary for Marxists to wage a struggle for the 'restoration' of democracy (i.e. the Bhutto government) in a broad united front led by the Left Wing of Bhutto's party; these comrades argue against developing a criticism of Bhutto at this time, and they go so far as to claim that Bhutto had actually fought to make Pakistan independent of imperialism and had contributed significantly to the revolutionary process in Pakistan.⁵ At the other end of the spectrum, some other comrades argue that Bhutto was a 'fascist' comparable to Hitler and Mussolini, and that the working class must struggle to prevent him from returning to power. These comrades imply a degree of support for the *junta* which is said to have destroyed 'fascism'.⁶ While the latter view is simply absurd, the former also needs rectification. Our analysis will seek to demonstrate that the July *coup* was indeed arranged by the ultra-Right in opposition to the reformist aspects of the Bhutto regime; Bhutto was in no sense a fascist. However, it is also true that the apparatuses which carried out the *coup* were permitted to proliferate throughout the Bhutto period. Moreover, strategic perspectives cannot be based merely on the evaluation of conflicts among power blocs that are manifested here. We need to examine carefully the crises of the economic base, of the dominant ideology, of the institutions, and even the legitimacy of the existing state.

The present analysis will thus have two objectives. One, we shall examine the nature, the context, and also the limits of Bhutto's reformism. Second, we shall try to situate both strategies, the reformist and the 'Islamic-fascist', in the matrix of concrete social crises. Throughout, we shall assume that socialist transformation is at present not on the agenda in Pakistan, that mass struggle in this phase must take a broad democratic form, that the struggle nevertheless cannot be for 'restoration' of the so-called 'democracy' which prepared the objective ground for the July *coup* by nurturing the repressive apparatus (not only General Zia, but the whole apparatus), and that the social bases for democracy cannot be secured without democratization of economic life, of the relations among nationalities in Pakistan, and of the state institutions. Here, we must begin by summarizing the history and limitations of the reformist model. Then we shall analyse the crises which led to the *coup*, as well as the class character of the present regime.

Bhutto and the PPP: General Background

Today, as some comrades begin to portray Bhutto as an anti-imperialist and even a revolutionary, it is useful to recall that he is scion of one of the biggest landlord families of Sindh and that his father was the Chief Minister of the feudal Junagadh State in British India and owner of extensive investments in commerce and urban real estate, and hence closely aligned with the nascent Muslim bourgeoisie based in Bombay which later constituted the major section of the Pakistani bourgeoisie. Thanks to these class origins Bhutto himself was trained at Berkeley and Oxford. Upon returning to Pakistan, he quickly emerged as one of the two civilian ministers in the military cabinet

which was formed after the *coup d'état* of 1958 and for seven years, he held a variety of portfolios in the regime of Field Marshal Ayub Khan. His subsequent experiments with 'Islamic social democracy' cannot be separated from these basic facts.

As Ayub's Minister, Bhutto carefully cultivated an image of himself which balanced his domestic alignment with the most reactionary elements with a radical stance in foreign affairs. Thus, he awarded a contract for geological survey and oil exploration to the Soviet Union, normalized state relations with China, developed a close personal friendship with Sukarno, and professed to draw his inspiration from the leading non-aligned countries, such as Ben Bella's Algeria and Nasser's Egypt. Popular consciousness thus perceived in Bhutto a relatively enlightened element in Ayub's otherwise despotic regime. Then he quit the government, just in time, when popular discontent against Ayub had begun to manifest itself, and with enough fanfare to emerge later as the main beneficiary of the mass movement of 1968-69⁷ which brought about Ayub's downfall.

The political party he then created, namely the Pakistan Peoples Party (PPP), was a classic formation of radical elements, on the one hand, drawn from the petty bourgeoisie of Punjab and Sindh, and on the other hand, substantial elements of the landlord class—the latter, however, consisted typically of those who (a) were hostile to the biggest landlords of Punjab (the top stratum of semi-feudal power in Pakistan) and (b) were committed to capitalization of agriculture, which involved restrictions on the *extent* of semi-feudal ownership (hence the land reforms, discussed below). The dominant position of the radical petty bourgeoisie within this political party was evident in the original Manifesto of the PPP which was clearly anti-imperialist, anti-feudal and anti-monopolist. This same stratum played a key role in devising a propaganda machine suited to the Manifesto, in presenting it as a 'revolutionary' programme, and in using this programme to vulgarise the concept of socialism while simultaneously radicalizing mass consciousness in some respects.⁸ In sum, the elections of December 1970, which culminated in the electoral victory of the PPP in (West) Pakistan, signified the emergence of the radical stratum in the petty bourgeoisie as an important force in the formation of power blocs which contend for dominance in the political apparatus of the state. (Other strata of the petty bourgeoisie, notably those who serve in the repressive apparatus—the army, police, etc. — and the ideological apparatus — schools, colleges, media, etc. — had of course already established a place for themselves in state institutions, although in more mystified forms.)

This radical stratum was, however, drawn from diverse social origins, while different members of it held divergent political objectives and therefore connected themselves to Bhutto in separate groups. Their inability to transform themselves into a distinct bloc within the PPP greatly facilitated the purges which came later, from 1972 onwards, after Bhutto had consolidated his power and began actively to shift the balance of forces within the PPP in favour of the landlord group.⁹ This shift in the class composition of the PPP,

once it had formed the government, was neither accidental nor a *personal* betrayal on Bhutto's part, as it was subjectively experienced by the purged cadres. Changes in the internal class composition of the PPP were objectively determined by the changed position of the party in relation to the state. In other words, the PPP *had* to be an apparatus predominantly of the radical petty bourgeoisie in the pre-election phase when the main objective was to secure a mass base and an electoral majority, particularly in the countryside. Once, however, the PPP had formed the government on the social democratic premise of seeking reform within the predicates of the state as already constituted, thereby becoming the political apparatus of the reactionary state, its Left Wing was faced with the objective choice of either accepting the exigencies of the state or getting liquidated. In the event, the Left was of course liquidated. But what were the exigencies of the state? Here, we shall discuss only the most outstanding features, focusing first on some obvious permanent features of this state, and then on certain exigencies which were specific to the period immediately after the separation of Bangladesh.

First, coming to power in a country where external debt is almost half of the GNP, and a country, moreover, which relies on imperialism and its regional conduits not only for budgetary and balance-of-payments support but, most crucially, for replenishing the enormously parasitic Armed Forces, the PPP could re-structure neither external relations nor the domestic structure of peripheral capitalism in Pakistan; this could hardly be accomplished without an anti-imperialist revolution, hardly Bhutto's vocation in life or the demand of the classes on whom his power was founded. Second, the acute underdevelopment of the national bourgeoisie and the whole genesis of the state in Pakistan has led to the creation of a structure dominated by the military-bureaucratic apparatuses, which are, in turn, wholly dependent upon imperialism while retaining a degree of autonomy, especially at junctures of crisis, from the indigenous propertied classes. The PPP in power, committed already to stability of the state as constituted, could only become an instrument of these apparatuses. Thirdly, systems of property as they exist in Pakistan are dominated, at least *spatially*, by the semi-feudal landlords; the capitalist mode is ascendant and dominant in the social formation as a whole, but unevenly developed and therefore thoroughly *regionalized*; by contrast, the semi-feudal systems of property and appropriation occupy, horizontally, the bulk of the *economic space*, thereby retaining enormous leverage over the political parties whose pursuit of electoral majorities must be realised in the *space* not at the *heights* of the economic base. With its independence sharply curtailed by imperialism and the military-bureaucratic apparatuses, the PPP could not possibly hope to survive in power without extensive compromises with the semi-feudal landlords, who henceforth began joining the party in large numbers to occupy positions which the Left was vacating.¹⁰ Bhutto was especially prone to these compromises, precisely because initially his links with the semi-feudal landlords of Punjab and with the military-bureaucratic elite were rather weak, while his survival in government depended on these links. Fourth, in a multi-national state where economic, social and military

power was concentrated among power blocs drawn from Punjab and from among the Urdu-speaking minority, Bhutto, himself a member of the ruling landowning class of the oppressed Sindhi national minority, chose to refurbish his political position by acting on behalf of the ruling classes of the dominant nationalities, hence his chauvinistic and militarist stance in Bangladesh and Baluchistan geared to the ideological orientation of the dominant nationalities. Finally, the enormous economic crisis of the 1970s, which will be discussed below, left little room for the social democratic programmes advocated by the radical stratum of the petty bourgeoisie. For all these reasons, the stratum simply became a political liability and was therefore set aside.

All these factors obviously do not amount to any fatalism whereby Bhutto was doomed, by objective circumstance, to merely carry out the wishes of the metropolitan and indigenous bourgeoisies. As we argue in the following section, Bhutto had actually come to power at an extraordinary juncture in Pakistan's history, when the separation of Bangladesh had brought about a great crisis for the ruling classes in all spheres of society, while the PPP possessed immense authority and legitimacy, as well as an elaborate political apparatus, which *could* have been used for far-reaching social transformations. Thus, restrictions on the 'reformist model' stemmed as much from the class position of the PPP itself as from external determinations. Let us explain.

Bhutto and the Repressive Apparatus

We should note the following key elements in the situation which brought Bhutto to power as President and Chief Martial Law Administrator in December 1971, after the separation of Bangladesh.

First, the Bangladesh War had cut the country to half its size, leading to financial bankruptcy of the state, severe economic setbacks for its bourgeoisie, and the collapse of the Armed Forces both militarily (as a fighting force) and politically (as the leading factor in the political apparatus of the state, actually in charge of government since 1958). Second, the crisis of the dominant ideology was immense indeed, since Pakistan, heretofore the 'national homeland' of Muslims in the subcontinent, now had fewer Muslims living in it than in Bangladesh or even India; it had simply lost its *raison d'être*. Third, quite apart from the 'nationalist' movement in Bangladesh, the country had experienced continual and very intense militancy of the urban and rural working classes since 1968, and the wave of factory occupations and land seizures which followed Bhutto's accession to power was simply the continuation of a politics which had been unfolding previously in the wake of the mass movement of 1968-69. In some cases, such as the occupation of Dawood Cotton Mills and Kohinoor Rayon Mills, many workers took the initiative in the mistaken belief that *their* government, i.e. the Bhutto regime, would be at least neutral, if not altogether helpful, in the economic class struggle of the working class against the monopolistic, comprador fraction of the expropriating class. Fourth, the PPP government commanded a vast scope for manoeuvre, not only because it was the first elected government in the

country's history, nor simply because of its absolute majority in the National Assembly, but mainly because the disarray of the ruling class and its constituted state *at that juncture* gave the PPP unparalleled leverage. Fifth, the PPP was a new and raw political formation, without any institutionalized collective leadership, and built from the outset around the charismatic personality and articulations of Bhutto himself; moreover, it was a conglomerate of disparate political tendencies which were held together by Bhutto's personal authority, which then defined, moment to moment, whatever consensus ever existed within the PPP at given times. This circumstance gave Bhutto a relatively autonomous stature in the party and government.

This constellation of elements — the collapse of the Armed Forces, the economic breakdown of the bourgeoisie, the extreme crisis of the dominant ideology, the existence of a popular government, and the concentration of unprecedented power in the hands of a man who was a self-professed 'socialist' and who commanded the loyalty of a militant mass movement — had created a classic revolutionary situation in Pakistan (not a revolutionary crisis, in so far as there was no proletarian party to make a bid for state power; but the situation was objectively revolutionary). In other words, the time of testing had arrived for Bhutto's 'socialism' precisely when he had the greatest power and opportunity to pass that test.

In the event, Bhutto did three things. First, he made an extensive compromise with imperialism, symbolized by his early acceptance of an IMF package which included: 130% devaluation, lifting of import restrictions for over 300 commodities, exemption of foreign capital from nationalization, brutal suppression of the working class (resulting, for example, in the use of paramilitary forces against striking workers in June, and again in October, 1972), and inflow of foreign usurious capital to the extent that Pakistan's debts doubled in the next four years. By 1976, debt servicing would have accounted for 36% of the total foreign exchange earnings if rescheduling arrangements had not been obtained. Second, Bhutto used the opportunity presented by the exhaustion of alternative power blocs within the ruling classes to (a) enhance the autonomy of his own apparatus, and (b) to fortify the institutions of the state which had come to be dominated politically by his apparatus. Third, he undertook a number of reforms and even structural changes in the economy, though well within the predicates of the model of peripheral capitalism which Pakistan has pursued since its birth in 1947.

In order to revitalise the state-in-crisis and to establish the hegemony of his own apparatus, Bhutto moved on several fronts quite vigorously. In the Armed Forces, he conducted two purges in quick succession, first to get rid of the five top generals — 'fat and flabby', as he appropriately called them — who had dominated the government before and during the Bangladesh crisis, and then to purge the commanders, notably General Gul Hasan and Air Commodore Rahim, who had been instrumental in the transfer of power to Bhutto himself. Thus, he got rid of opponents and benefactors alike to obtain maximum freedom of movement. Significantly, General Tikka Khan, the famous 'butcher' of Baluchistan and Bangladesh, escaped both purges, became

Commander-In-Chief of the Army and, upon retirement, Bhutto's Advisor on Military Affairs.¹¹ In the end Bhutto promoted Zia ul Haq, known even then for his ultra-Right connections, to Chief of the Army Staff, superseding four more senior generals. This last was obviously a miscalculation, as regards loyalty, for which Bhutto is now paying dearly. Meanwhile, he also instituted the Federal Security Force, a paramilitary organization — or, rather, a veritable political police — independent of the Armed Forces and responsible directly to the Prime Minister. Significantly, the star witness of the prosecution against Bhutto during his current trial is none other than Masoud Mahmood, Bhutto's hand-picked chief of the FSF, who is now appearing under judicial immunity granted to him by the makers of the July *coup*. Thus, Bhutto's personal tragedy is one of betrayal by his associates of the ultra-Right whom he had trusted with too much power.

The case of the civil bureaucracy is more complex. Bhutto started, typically, by purging 1,300 officials, allegedly on grounds of corruption (which was undoubtedly evident in most cases, including most bureaucrats who were *not* purged), but the main purpose of the purge seems to have been the upgrading of bureaucrats loyal to Bhutto's regime. Second, Bhutto restricted the system of elite recruitment through the hierarchy of Civil Superior Services (CSS) and instituted the system of lateral entry, i.e. direct appointment at all levels of administrative and diplomatic services upon recommendation of his political machine. This measure brought certain advantages for the growing and newly influential stratum of technocrats over the traditional bureaucracy, but the main purpose was again to expand the loyalist base among the administrative elite. Third, the phenomenal growth of the public sector expanded the field of employment for an overgrown bureaucracy which was faced with a threat of retrenchments after the separation of Bangladesh (which this bureaucracy used to administer), and in practice, the public sector became yet another area of very lucrative collaboration between the bureaucrats and the PPP functionaries, for mutual benefit.

In the political domain, the main problem for the PPP was that while it commanded comfortable majorities at the federal level and in the more populous provinces of Punjab and Sindh, it had an insignificant following in Sarhad and Baluchistan, the two minority provinces with volatile electorates and militant mass movements. No political party had obtained a clear majority in either of those provinces, but the National Awami Party (NAP)¹² had won a plurality of votes in Baluchistan, and JUI¹³ the largest number of seats in Sarhad; the NAP-JUI coalition had thus formed governments in both those provinces after the constitutional accord of 1972.¹⁴ Bhutto resolved this problem two and a half years later by summarily dismissing those provincial governments, imposing a ban on NAP and imprisoning its leadership. Thereafter, money and coercion won many allies for the PPP in both those provinces, but not enough in Baluchistan to make it possible for the Provincial Assembly to even meet in session for the next two years. The war of resistance this measure provoked in Baluchistan is of course well known. In brief, approximately 100,000 troops were deployed there at any given time over

the next three years, on a rotating basis, so that the majority of Pakistan's Armed Forces had gained the Baluchistan experience, so as to apply it elsewhere in the country if and when the opportunity arose. This experience included the familiar pattern of garrison towns and free-fire zones, heliborne troops and population transfers, air-dropped supplies and routine missions to bomb and napalm the rural and semi-nomadic communities. It was thus a classic counterinsurgency operation by an army eager to retrieve the 'honour' it had lost in Bangladesh. So we can see that, in Baluchistan, Bhutto's pursuit of hegemony for his own apparatus converged with his actual subservience to the Armed Forces and the ruling classes of the dominant nationalities, who sought ferociously to suppress the movement of national rights by devising a military solution for a political problem. Moreover, once set into motion, the war began to have its own logic, because prolonged warfare necessarily created the opportunity for the revolutionary nucleus to start assuming positions of leadership in the Baluch national movement as a whole, and the military action was henceforth deemed necessary to prevent further radicalization of an essentially regional movement.

Exigencies of this type led to a quasi-Bonapartism whereby the growing autonomy of the state from all spheres of 'civil society' was systematically reinforced by restricting parameters of action for all social classes and groups, including, to a certain extent, the propertied classes. The nationalizations, particularly of commercial banks and insurance companies which undoubtedly restricted the freedom of the monopoly houses and of private capital generally, shall be discussed below, along with the land reforms which promised similar restrictions on the extent of semi-feudal agrarian property. Here, it should suffice to illustrate this quasi-Bonapartist aspect with a few examples.

As everyone knows, Bhutto formed the government in December 1971. In January 1972, he announced a set of nationalizations, the first in the country's history, and got a few big industrialists handcuffed for television display. In March, he announced the first set of land reforms, hyperbolically described at the time as the 'liberation of the Pakistani peasantry'. This last aspect, namely the rhetoric which accompanied each reformist measure, undoubtedly terrified the propertied classes even more than the economic content of the reforms. These high-pitched flourishes reached a tremendous crescendo by May Day, which was declared a holiday, while Bhutto himself expounded on 'the spirit of the Paris Commune'.

Then came the turnabout. In June, while a visiting team of experts from the World Bank firmly linked the question of multilateral aid to control of the domestic labour situation, armed police shot down thirty workers in the streets of Karachi. In October, fifteen more workers were killed in a joint operation of the police and the paramilitary forces, while over 4,000 workers were either arrested or driven into the underground which now extended beyond the city of Karachi. Over the next few years, far-reaching recession in domestic industry, combined with the sustained bid by the PPP to establish its hegemony over organizations of the working class, led practically to a state

of siege, and the working class suffered retrenchment by the thousands,¹⁵ wholesale destruction of many trade unions' offices, occupation of factories (and even whole industrial areas) by armed police, and widespread arrests, tortures, and in some cases assassinations of militant labour leaders. The working class of course retaliated: in factory takeovers of Seven-Up and Kohinoor Rayon in 1972; in the prolonged strike by over 80,000 workers in SITE and Landhi-Korangi industrial areas of Karachi during the same year; in sustained agitations of the railway workers throughout 1974-75; in the 60-day strike in all of Swat during the winter of 1974-75; in the militant trade union actions in Hyderabad in the spring and summer of 1975; in a thousand strikes and job actions throughout the country.¹⁶ These heroic struggles of the proletariat had their equivalent in the countryside in similar struggles of the peasantry, notably in Sarhad, and in struggles of the oppressed nationalities, especially the Baluch struggle which combined a variety of political tendencies including a cluster of Marxist groupings. The history, or rather histories, of those struggles, will have to be told elsewhere. It is important to remember, however, that the regime of the Peoples Party bequeathed to the working class a list of martyrs which is indeed painfully long.

This repression was of course at variance with the posture but most assuredly not with the essence of social democracy, especially in its Third World variant, for, it is the essence of this social democracy that whenever the people's democratic movement directly threatens the existing class structure and/or the (bourgeois) state, the social democratic government must do whatever is necessary to preserve the essentials of that class structure and to reassert the supremacy of the state. Reform and repression thus constitute a very precise dialectic, which is to say contradiction, *within* this ideology, and the repressive features are markedly and inevitably very pronounced in the Third World, most particularly in those countries such as Pakistan, where the constituted state authority is illegitimate in the eyes of the majority of the people, where the social base and the historical conditions of bourgeois democracy are practically nonexistent, where the politics of the working classes are essentially insurrectionary, and where the social democratic ideology, imported full-blown from the advanced capitalist countries, wholly lacks the requisite economic surpluses to co-opt the working classes.

Politics of the Reformist Model

The elaboration of the repressive apparatus during the Bhutto regime has led some comrades to brand him as a 'fascist'. Quite apart from the purely semantic problem, the political line derived from this perspective seeks clearly to prepare the ground for collaboration with the military regime, in so far as it ignores the reformist aspect of the Bhutto regime — precisely the aspect that sets off the PPP so sharply from the regime which now exists and which is reversing whatever gains the popular classes had made under Bhutto. It is necessary, therefore, to comment briefly on those gains.

In the terrain of ideological class struggle, the permeation of social-democratic ideas deep into the countryside, whatever their practical application or

lack of it, constituted a very definite advance in a country which was born in religious bigotry, was dominated by semi-feudal social structures, was fed for two decades a very controlled diet of Dulles-style anti-communism, was ruled by the Armed Forces for thirteen years, and which therefore lacked any widespread culture of secular, democratic, progressive ideas. In co-opting the language of socialism, Bhutto himself became the chief propagandist of that language: 'socialism', heretofore an obscure and suspect word in Pakistan's semi-feudal political culture, now became a household word and a symbol for legitimate social aspiration. Thus, the opportunism itself served inadvertently to raise the level of political debate in the country. Moreover, just as the failure of the 'developmentalist' ideology of the Ayub period (1958-69) with its explicit commitment to capitalist enterprise had given birth to its opposite, namely the social democracy of the PPP, the adoption of a social democratic programme by the Bhutto regime as its official programme, and its manifest failures, opened the way now for wide dissemination of straightforward Marxist ideas and critiques. Precisely because the political posture of the regime was already determined by the democratic, even libertarian, mass movement of 1968-69, of which the regime was an offspring, it was constrained to allow, even encourage, the publication, import, and distribution of revolutionary literature on a scale previously impossible and unimaginable in the country. This legalization of Marxism of course had its own pitfalls, but it is worth emphasizing that the progressive ideas which circulated freely during this period were not only the social democratic ideas approved by the regime but also the revolutionary Marxist ideas which were clearly opposed to the regime. Again, these gains in the terrain of ideological class struggle were not a freakish 'cultural phenomenon', grafted at random by a 'fascist' state. Rather, the ideological parameters were modified precisely to the extent that the Bhutto regime was forced by the mass movement to (a) make room for a radical stratum of the petty bourgeoisie inside the state structure, thereby introducing into that structure a significant anti-feudal element, and (b) to seek social legitimacy for his regime on the basis of widespread political support among the popular masses. It was thus the political class struggle, in all its ramifications, which had brought forth the gains in the terrain of ideology.

This pursuit of social legitimacy among the popular masses was again paramount in the way Bhutto presented his foreign policy at home. In this period, as in the past, Pakistan's actual dependence on imperialism continued to grow, as our economic analysis will demonstrate. Yet, aware that the question of imperialism was at the heart of all mass movements in Pakistan, Butto took a series of highly publicized actions which eventually had a cumulative impact on ideological consciousness in the country. For example, he moved quickly to recognise the Democratic People's Republic of Korea and the German Democratic Republic, and a little later, the revolutionary governments of Vietnam and Cambodia. Similarly, he developed close ties with China, Romania, the DRPK, and the PLO. Relations with the Soviet Union and other Eastern Bloc countries were normalized, and Pakistan's

diplomatic corps were instructed to support a variety of liberation movements, notably in Mozambique, Zimbabwe, East Timor and the Spanish Sahara. Bhutto personally denounced imperialism for the fascist *coup* in Chile, and he sought to play an influential role in the economic struggle of the Third World countries against the advanced capitalist countries. Actions of this type are of course ordinary fare with co-optive regimes of Asia and Africa. In the concrete circumstances of Pakistan, however, where a series of military regimes, before Bhutto and after him, have sought to turn Pakistan into imperialism's 'most allied ally' in Asia, the impact on popular consciousness of these actions was very considerable, for it was the first time in Pakistan's history that the official media adopted a progressive idiom and presented a consistent image of the socialist countries and liberation movements as friends, not enemies, of our people.

In his policies regarding the labour movement and nationalization of industries, Bhutto again combined his pursuit for the hegemony of his own apparatus with the parallel pursuit for social legitimacy among the broad masses. We have already indicated the brutal use of the repressive apparatus against the vanguard of the labour movement, and we must note also that wherever trade unions had a Marxist orientation, the PPP regime cooperated with mill owners and with Rightist parties to break them and to replace them with PPP-dominated unions. It is also true, however, that the first three years of the PPP government were a period of brisk unionization and that more trade unions were permitted to register in this period than in the two decades previously; moreover, the middle-level leadership of the PPP cooperated with the most militant trade unions in numerous instances. And, although industrial employment declined absolutely owing to the overall economic crisis of industry, the employed section of the working class made substantial economic gains, in the way of revised wage scales, job security and other benefits, especially in the expanding public sector, which then began to have an impact on the private sector as well. Because of these economic gains, workers in the public sector industries were quick to form the first line of defence for the proletariat against the martial law regime. The policy of nationalization will be discussed below at some length. We should note, however, that although the nationalizations altered the structure of domestic monopolies only marginally and without concentrating industrial production significantly in the public sector, the social impact of nationalizations was far greater than their immediate economic relevance. Pakistan has a rich history of industrial plants being built with public monies and then being sold at cost, and on credit, to private investors, but, unlike India or certain countries of the Middle East, it had until then no history at all of nationalization of property already in the private sector. In context, the *idea*, however bureaucratized and within whatever narrow predicates, of the socialization of the means of production was explosive, sending shock waves through the bourgeois class and raising the level of aspiration and demand in the workers' movement. When actual socialization proved to be mere 'bureaucratization', the sentiment against the bureaucracy was of course strengthened. But the

idea of socialization continued to gain wider currency. Other social democratic moves — such as the extension of the social security system, nationalization of the educational institutions, distribution of some land among a fraction of the landless, and so on — had similar social impact far beyond the actual economic gains. We cannot discuss all these measures in any great detail here. However, the nature of many of these reforms can be seen, quintessentially, in the land reforms of January 1977, the last such measure which Butto announced and which cannot be implemented now after the July *coup*. Let us then examine some aspects of this measure.

These reforms should be seen in the perspective of the structure of land ownership and revenue systems in Pakistan. Briefly stated, the statistics are as follows: As of 1959, on the eve of the first land reforms (announced then by the military regime of Ayub Khan), 6.8% of all landowners owned 51.4% of all agricultural land, with the top 1.2% owning 30.4% of the land.¹⁷ Moreover, rates of land revenue were uniform for all owners, large and small. In the reforms of 1959, only 2 million acres out of the total of 48.6 million acres were taken over by the government; the landlords thus lost, for compensation, only 4% of their lands; half of what they turned over to the state consisted of wastes, hills, riverbeds, etc., and was therefore unavailable for cultivation. Less than 3% of the peasantry benefitted from redistribution of this acreage. Then, the land reforms of 1972, the first in the Bhutto period, reduced the ceiling on landholdings from a maximum of 80,000 PIUs (Production Index Units) to a maximum of 32,000 PIUs. However, by March 1976, only 67,420 peasant households had received 660,000 acres of cultivable land under those reforms, on an average of roughly 10 acres per family.¹⁸ Significantly, both these reform measures of 1959 and of 1972 left the revenue system essentially intact. Then, in November 1975, Pakistan saw its first reform in the revenue structure, whereby owners of up to 12 acres were exempted from all land revenue, and rates were upwardly adjusted for the bigger landlords. Thus, if those measures were fully implemented, 71% of all proprietors would be fully exempted from government dues, 22% would have paid the existing rates, and the top 7% would have had to pay additional Rs 153 million in revenue.¹⁹

Coming in this context, the reforms of January 1977 had three significant features. First, the ceiling on landholding was now brought down to 100 acres of irrigated and 200 acres of unirrigated agricultural land; or, in terms of PIUs, the ceiling was now fixed at 8,000. The implementation of this measure, unlikely in any event, would have surely destroyed the basis of semi-feudal ownership in Pakistan; the mere announcement of it, in fact, raised the aspirations of the peasantry, refurbished Bhutto's agrarian electoral base, and provided the militant peasants with a platform for organizing in the future. Second, owners of up to 25 acres were now fully exempted from revenue payments; this measure benefitted roughly 91% of all proprietors, who at this stage owned over half of the cultivable area in Pakistan. Third, agricultural income tax was introduced, for the first time in Pakistan, for owners of over 25 acres. This was a necessary correlate of the growing capitalization of

agriculture and the rapid growth in real incomes particularly of those landlords who had benefitted from the so-called 'Green Revolution'.²⁰ Moreover, the state needed desperately to expand its tax base. However, this perfectly ordinary reform has been a point of great contention in Pakistan for over two decades, and although various tax exemptions were provided for those landlords who made use of capital inputs on their farms, the semi-feudal landowners nevertheless saw the very idea of the agricultural income tax as a major encroachment upon their privileges.

These reforms, announced two months before the March elections, were characteristic of the PPP's particular brand of (agrarian) social democracy. Basically, these were designed to strengthen the growing capitalization of agriculture, to provide relief for a substantial stratum of petty producers, and to award the state a larger share, in the shape of taxation, of the surplus extracted by the semi-feudal landlords. Moreover, lowering the ceilings on the landholdings of the top stratum obviously held out the promise of more land becoming available for distribution among the landless. These, then — namely the middle, poor and landless peasantries — came to constitute the electoral bloc for Bhutto in the elections that followed. By contrast, the agrarian commercial bourgeoisie, which was already alienated from the regime owing to the earlier nationalization of the agro-based factory units and the establishment of a state monopoly in rice exports, now made a common front with that ultra-conservative fraction of the landlord class which saw the threat of the agricultural income tax but not the benefits of capitalist agriculture. Together, these powerful segments of the agrarian power structure — segments which often overlapped and commanded considerable power not only in villages but also in small and regional towns — became an integral part of the subsequent destabilization campaign. In this dynamic, Bhutto of course commanded the numerical majority, despite manifest repression against the most advanced elements of the peasantry. Besides, the power bloc of the commercial bourgeoisie and the ultra-conservative landlords could have been easily neutralized, for purposes of the elections, by the media blitz and the political machine of the PPP. Thus, reforms of this type, in conjunction with other factors, seem to have already assured an electoral victory for Bhutto. The bureaucratic manipulations which nonetheless occurred — so very gross in some areas, and so highly publicized in the exaggerated accounts which appeared in Western media — made a difference, in our opinion, not to Bhutto's victory in the elections, but to the margins of that victory. In other words, Bhutto could have won the elections in any case, but it was the pursuit of total political hegemony which led to outrageous bureaucratic manipulation of the election results.

In the event, electoral majority proved to be of no consequence whatever. The destabilization campaign which was launched two days after the elections displayed from the outset such resourcefulness, such a sense of timing, such perfection in the execution of each step, that no one could possibly believe it was not carefully prepared well in advance, with startling expertise. Moreover, the campaign clearly had the blessing of the Armed Forces, funding

from the urban and rural bourgeoisies, and a substantial ideological base among the petty bourgeoisie and the lumpen populations of big cities and medium-sized towns. We should note also that the urban middle strata had seen the conditions of life deteriorate sharply owing to the current economic crisis in Pakistan, and the ultra-Right was able to make significant inroads among these strata, thus preparing the social base for the destabilization campaign, by isolating Bhutto as the ('socialist') man chiefly responsible for the crisis. Economic deterioration, especially for the urban middle and lower strata, was thus the crucial element in making it possible for leaders of the campaign to present the politics of the ultra-Right as a mass uprising in Pakistan. It is therefore necessary briefly to analyse the structure and scope of this economic crisis which has enveloped Pakistan since the separation of Bangladesh. It is perhaps useful to say at the outset that we are interested here in the structural roots of the crisis, and that we hold the Bhutto regime itself responsible for the deterioration only to the extent that, in any given situation, it is always the chosen representatives of the ruling class who bear direct responsibility for the evils that the ruling class perpetrates upon society in general.

The Economic Crisis in the '70s² ¹

Industrial growth in Pakistan, based primarily on import substitution, had already begun to stagnate by the end of the Second Plan period (1960-65), and the agricultural sector had at no stage even seemed to overcome the pattern of low productivities based upon a structure of agrarian property which combined the dominant semi-feudal form with fragmented small-scale proprietorship. Then the war with India in 1965 and the prolonged political crisis of 1968-69 further aggravated the structural crisis. The bottom fell out of the economy altogether with the onset of the Bangladesh crisis which raged throughout 1971. Upon taking power immediately thereafter, the Bhutto regime had only to pick up the pieces.

The separation of Bangladesh had led to several crises of foreign exchange, commodity markets, money supply generally, and disruption of production and trade. In the past, jute and tea had earned most of the foreign exchange; now alternative export commodities had to be developed. Similarly, East Pakistan (now Bangladesh) had previously absorbed 40% of Pakistan's manufactures; now alternative markets had to be found. These manufactures could not be exported because of their inherently uncompetitive character; by 1965, for example, 84% of Pakistani manufacturing relied heavily on protection and, on an average, Pakistani products were sold in the domestic market at prices 150% higher than the prevailing world market prices. Nor could the manufactures which had previously gone to East Pakistan be absorbed at home because the centralization of wealth combined with mass poverty had severely curtailed the development of the home market. Thus, manufacturing had to decline absolutely. Moreover, this failure to develop an export indus-

try meant necessarily that Pakistan, heavily dependent upon Western currencies and manufactures, would continue to export primary agricultural goods; the development of export agriculture during the Bhutto period needs to be seen in this perspective.

Sophisticated sources have estimated that the Pakistan government spent roughly \$2 billion on the counterinsurgency operations in Bangladesh, the war with India and the subsequent reorganization of the Armed Forces. Losses incurred owing to the year-long disruption of production and trade are additional. Then, after independence, Bangladesh promptly nationalized the capital assets of West Pakistanis. This constituted a severe setback not only for the top commercial bourgeoisie but, just as significantly, for such monopoly houses as Adamjee, Dawood, Isphahani, and so on, whose investments were located there.

These enormous losses required a complete restructuring of the economy, which the class position of the regime made obviously impossible. Instead, the Bhutto regime undertook a series of measures premised on familiar bourgeois wisdom, leading to further crises.

First, currency was devalued 130%, and import restrictions were abolished for over 300 commodity items, under brutal IMF pressure. Next came the so-called nationalizations. Significantly, no foreign capital was nationalized, and in 1976 the National Assembly passed a law, the first such in Pakistan's history, specifically exempting foreign capital from future nationalizations. Equally significant is the liberal compensation paid to the 'expropriated' capitalists; the Habibs, the leading monopoly house in Pakistani banking, for example, received Rs 36.31 for each share originally valued at Rs 5. In the manufacturing sector, the key purpose of these so-called nationalizations was to absorb the losses of the private sector in units and branches which were uneconomical. The *Pakistan Economic Survey, 1975-76*, published by the Finance Division of the government, puts it quite succinctly:

It had become necessary as some of these units had come into being on the basis of dubious economic presumptions, and special built-in protections like multiple exchange rates. Due to mismanagement, a number of companies had become bankrupt as their accumulated losses exceeded their paid up capital. With a view to salvaging them, the Economic Reform Order was issued in January 1972.²²

The impact of these nationalizations on the pattern of capital formation in the industrial sector was nonetheless significant, especially after 1973-74. Thus, while gross fixed capital in large-scale private industry only rose from Rs 697.3 million in 1973-74 to Rs 1,188.9 million in 1977-78, such capital rose from a paltry Rs 382.3 million in 1973-74 to Rs 5,463.9 million in the public sector.

Much more significant was the subsequent nationalization (1974) of commercial banks and insurance companies (with the exception of foreign banks and companies of course, which control over 12% of the credit in Pak-

istan but in the key monopoly sector). This measure gave the government significant control over investment priorities, creation and disbursement of credit, and currency in circulation, as well as a key resource with which to reward political allies and to shift the locus of capitalism in Pakistan from industry to agriculture, as we shall see presently. Prior to 1971, 84% of the investment in industry was owed to bank credit. Now the state could, if it so desired, divert all this credit to other sectors and let the crisis-ridden industry simply languish for want of money-capital. Similarly, the state was now freer to use the commercial banks for its own deficit financing. Thus, in the five years between 1972-73 and 1976-77, government borrowings from the banking system totalled Rs 14 billion, and notes in circulation increased from Rs 23,000 million in 1971-72 to Rs 57,000 million in 1976-77; in 1975-76 alone, the government borrowed \$287 million from these commercial (and nationalized) banks, while the notes-in-circulation increased in the same year by \$200 million, or by 20%. We shall see that this rate of credit formation, heavily tied to borrowings by the state, led Pakistan into an untenable monetary situation so that, as of 1977, only 15% of Pakistani currency was covered with foreign exchange or other real assets.

In addition to this accelerated credit formation, the nationalization of commercial banks led also to the expansion of banking generally, focussing this expansion primarily on the rural areas and thereby benefitting the upper stratum of the agrarian propertied classes. Thus, between January 1974 and March 31, 1976, the number of bank branches increased by 54%, deposits by 80%, loans by 65% and bank employees by 35%; 1080 of the 1744 bank branches were located in rural areas. In 1975-76 alone, \$165 million were spread in small and medium-sized loans among landlord kulaks and the small bourgeoisie of the semi-rural townships. This rapid rate of expansion in rural credit can be seen in the following table which summarises the loan grants from the Agricultural Development Bank.

Table 4.1
ADB Loans (in millions of Rs)

<i>Item</i>	<i>1971-72</i>	<i>1972-73</i>	<i>1973-74</i>	<i>1974-75</i>	<i>1975-76*</i>
Tractors	370.41	430.65	1800.30	1390.54	2200.40
Tubewells	180.41	260.42	510.33	860.67	—
Other farm needs	130.53	470.25	1230.46	930.38	—

*First nine months

In the same period, loans from other banks for tractors and tubewells quadrupled, while credit for other farm needs rose 600%. Government subsidies for chemical fertilizers rose also from \$2.5 million in 1971 to \$60 million in 1975-76. It is quite true that much of this credit was squandered on items quite different from the ones shown in bank logs; however, at the very least,

this expansion of credit does show tremendous growth in the monetization of the rural economy. Moreover, some gains *were* registered in increased utilization of farm machinery, better regulation of water supply, increased aggregate outputs, and higher productivity of land. Thus, in the decade 1967-77, per acre productivity rose roughly 50% for rice, wheat and corn — the main staples. Similarly, while all of Pakistan, inclusive of East Pakistan, had a total of 16,500 tractors in 1968, West Pakistan alone imported 7,000 tractors in 1974-75, 15,000 in 1975-76, and close to 17,000 in 1976-77. However, we should not be misled by these statistics. For, in reality, the class structure (i.e. systems of property and appropriation) nevertheless subverts the entire meaning of this 'development', which then becomes a motor for further crises, as we shall see.

Seventy percent of Pakistani people live in 45,000 villages. Yet agriculture generates only 34% of the GNP, and its share is falling, despite the total stagnation of industry. In this social context, expanded monetization of the rural economy and capitalization of agriculture has surely expanded the home market by increasing the purchasing power of the semi-feudal landlords and the kulaks, but contributing concomitantly to their social and political power as well. Meanwhile, food exports have also expanded — from an export of 88,000 tons of grain in 1969-70 to 596,000 tons in 1973-74 — not to speak of huge exports of fruits, vegetables, meat, poultry, eggs, etc. Rice, which hardly figured in Pakistan's commodity exports prior to 1971, now accounts for 19% of these exports. Conversely, however, domestic stocks of grain declined in this period of higher productivity and output, from 1,099,000 million tons in 1969-70 to a meagre 96,000 tons in 1973-74. Worse still, both quality and availability of food on the home market deteriorated sharply, thanks to this export boom, and prices for the three staples — rice, wheat and corn — which had showed the largest gain in per acre productivity, rose by close to 200% in less than five years. These new incomes have not only increased the socio-economic power of the semi-feudal landlords and kulaks; a brand new agro-based commercial bourgeoisie has also risen to great prominence, market relations are rapidly dissolving the primordial social ties in the countryside, and this new money has created a rush upon urban real estate, pushing up the ground rent as well as prices of land, construction materials, buildings, etc.

These new incomes are concentrated, furthermore, not only in relatively restricted social strata but also within those specific regions which are most suited for capitalist inputs in agriculture, which primarily means Central Punjab, the new barrage lands in Sindh (owned for the most part by non-Sindhis) and only those districts in Sarhad where the water supply is plentiful and the land is hospitable to farm machinery. For the rest of the areas, which form most of Pakistan, this new prosperity for some classes in some regions has meant greatly increased regional inequality; and, lacking rising incomes but subject to the same market, their absolute poverty has in fact increased. Thus, the lopsided 'development' in the agrarian sector has in reality intensified the contradictions of class and region.

And, although the landlords still need the rich knowledge and agricultural skills of the peasantry, increased utilization of farm machinery has undoubtedly aggravated the crisis of rural unemployment. With productive employment declining in the cities as well, and with slave-style labour markets opening up in the oil-rich Gulf kingdoms, Pakistan has generated an exodus of workers, artisans, and bankrupt farmers to these labour markets, taking with them the whole infrastructure of skills which our people took centuries to develop; some estimates suggest that perhaps as many as 8,000 of these wage-slaves were leaving Pakistan every week by mid-1977. Labour has thus become Pakistan's chief export commodity, earning for Pakistan \$575 million in 1976-77 as compared with the total receipts of \$1,129 million from all other commodity exports. In 1977-78, foreign exchange earnings from remittances were estimated to have doubled again, to \$1,149 million, while the merchandise account registered a record deficit of \$1,503 million. Reproduction and sale of labour is thus Pakistan's key economic activity in the world market today.

This domestic crisis of productive capacity stands in dialectical relation to the crisis in Pakistan's international exchanges, each crisis feeding upon the other. Thus, as of 1974-75, exports covered less than half of the imports, while imports equalled 24% of the GNP. The deficit in the Balance of Current Accounts which stood at \$130 million in 1972-73 grew almost tenfold in two years, to \$1,224 million in 1974-75. This deficit stood at \$826 million in 1975-76 and then rose again to over a billion dollars in 1976-77. These deficits have naturally led to a corresponding expansion in net multilateral borrowing disbursements, from \$356 million in 1972-73 to \$1,070 million in 1974-75; direct borrowings from the oil kingdoms and from private banks were additional. In 1976-77, total loan disbursements stood at \$1,443.1 billion and accounted for 49.3% of the gross investment in the country. Pakistan's external debt, calculated at \$10 billion in 1975-76, is roughly equal to its GNP of 1973-74 and, were it not for the debt relief and rescheduling arrangements, debt service would account for close to 45% of the net inflow of loans; these debt service requirements have tripled in six years, from \$122 million in 1971-72 to \$369 million in 1976-77.

Directions of trade also tell a significant story. In 1974-75, the Middle Eastern countries supplied less than 20% of Pakistan's total imports, despite Pakistan's near total reliance on imported oil. On the other hand, Pakistan's exports to the Middle East were greater than its combined exports to her other six major trading partners, viz. the United States, Japan, Britain, West Germany, the Soviet Union and China, in that order. In fact, the Middle East was the only trading partner from whom Pakistan earned a surplus. In trade with the four imperialist countries, on the other hand, Pakistan suffered a four-to-one deficit, a pattern that has been constant for two decades. Thus, Pakistan's trade deficit stems from its exchanges with the imperialist metropolises, which nonetheless account for well over half of its trade; the deficit in trade with the US is predictably the largest, with exports accounting for only 12% of imports. Significantly, the statistics also show that the Soviet Union

and China together account for less than 5% of Pakistan's trade and debts, the two sharing this small margin equally, with Soviet 'aid' being greater than that of China.

The composition of imports again shows a marked deterioration in this period. In 1970-71, imports of consumer goods had amounted to \$383.7 million, whereas machinery, transport equipment and raw materials for capital goods stood at \$378.1 million, the two categories of imports thus being roughly equal. In 1974-75, however, the relevant figures were \$1,284.3 million and \$356 million respectively; the consumer items thus accounted for almost four times the expenditures on the other goods. This is remarkable indeed for a country which has no steel mill and produces less than 15% of the machine tools it needs.

The precise reverse of this ossification of the productive forces is to be noted in the case of escalating military expenditures. These have always been high but were sharply escalated in the process of reconstructing the repressive apparatuses of the state. Thus, over a 22-year period, 1949-50 to 1971-72, military spending accounted, on an average, for 44.4% of the revenue receipts, while their share, as percentage of GNP, rose steadily from 3% in 1949-50 to 7.6% in 1971-72. In the period under consideration, however, the aggregate allocations for the Military and Internal Security (paramilitary, spy agencies, police) more than doubled in four years, rising from \$404.9 million in 1971-72 to \$841.7 million in 1974-75. Thus, military spending came to account for 55% of the budget allocations, and the combined expenditures on health and education stood at \$190.3 million, a quarter of the expenditure on the repressive apparatus of the state. This parasitic expansion of the repressive apparatus is the key factor in the enormous growth of the servicing sector as a whole, which now accounts for over 50% of the GNP. The *Annual Report* of the State Bank of Pakistan for 1976-77 notes this general ossification of the productive forces, and the concomitant rise of the parasitic sectors, in the following — rather bland — terms:

The growth in GNP over the past five years has been due more to the expansion of the servicing than the commodity producing sectors. The increase in value added in agriculture has averaged only 2.1% per annum while the growth in value added in manufacturing has averaged 3 per cent. In consequence, the share of commodity producing sectors in gross domestic product has gone down from 52.4% in 1972-73 to 49.7% in 1976-77.

The writers of the State Bank *Report*, as well as some other commentators who have noted this phenomenon, have failed, however, to distinguish within the servicing sectors between those social services and infrastructural constructions which create value, on the one hand, and those parasitic elements which create no value at all, on the other. In our view, the real parasitic character of the servicing sector resides in the staggering elaboration of the repressive apparatuses of the state.

All these factors have led to enormous inflationary pressures and a very great monetary crisis. Between July 1976 and March 1977, for example, gold and foreign exchange reserves declined by \$203 million, or by roughly 35%, down to \$404 million only. Meanwhile, currency issued against foreign currency reserves increased from Rs 7.21 billion in December 1971 to Rs 16.23 billion in April 1977, while the ratio of gold and foreign reserves to the notes-in-circulation has gone down from 23.6:100 in 1971-72 to 13:100 in 1977. This expanded money supply did not lead, however, to greater productive investment, especially in the industrial sector where the rate of investment as well as production registered significant decline. Thus, calculated in constant prices, industrial investment stood at \$135.9 million in 1964-65, then declined to \$99.5 million in 1970-71, to \$83.7 million in 1971-72, and to \$70.8 million in 1973-74. This decline in industrial investment was paralleled by decline in production in a broad range of industries of import-substitution type, such as cotton textiles, sugar, rayon fabric, sewing machines, paints and varnishes, etc; this decline had much to do with new, IMF-sponsored import policies as well as the uncompetitive character of Pakistani manufactures.²³ In the words of the *Pakistan Economic Survey, 1977-78*, 'The share of this (i.e. manufacturing) sector in GNP has been continually declining since 1971-72 and was recorded at 13.4% in 1977-78.'

These grave contradictions of Pakistan's productive system — the grave crises of agrarian capitalism, the parasitic proliferation of the repressive apparatuses, the stagnation of industry, imperialist exploitation and intervention — were reflected naturally in the escalating costs of living for the masses of people whose relative poverty grew throughout the period. Thus, for example, the Wholesale Price Index, using 1959-60 as the Base Year, which had risen to 150.3 by 1971-72, or by less than 5% annually throughout the decade of the 1960s, now rose to a staggering 288.8 by 1974-75, or at a rate of 46.1% annually, with the sharpest increases being recorded in the prices of the main staples. For the great majority of the people, it was a period of declining living standards and heightened social insecurity. And yet for the ruling classes, it was a period of such waste of the social surplus that none whatever was left for purposeful investment: 80% of the development budget in this period came from foreign sources, and even the remaining 20% came not from domestic savings but from deficit financing. It was, like the rest of our postcolonial history, an age of the parasite.

Summation of the Social Crises

The current crisis of state power in Pakistan must be seen in the perspective of this economic crisis. In other words, the crisis is structural, not institutional (though it is that as well) and the obvious crisis of the superstructure (i.e. the repressive, political and ideological apparatuses of the state) at once reproduces and deepens the crisis of the economic base. Moreover, an under-

standing of the structural crisis helps us clarify three further points.

First, the specific features of this crisis show how very limited Bhutto's reformism was and could not but be, and how much this reformism was a *response* to a preexisting crisis of the propertied classes; how much the Bhutto regime relied *in practice* on imperialism, and on the elaboration of the repressive apparatus at the expense of the labouring classes and the development of their productive forces. Second, this analysis shows why those sections of the masses who were opposed to the 'Islamization' of the ultra-Right could not have been mobilized against it to defend Bhutto while he was still in power and therefore wholly identified with the repressive state and its economic policies. Third, we can see now the objective basis, beyond the many alienations in the realm of the purely ideological, for a sizable strata of the urban petty bourgeoisie and the lumpen sectors — especially the lumpen, who had seen their ranks swollen but their options markedly narrowed — to be mobilized by exhortations of the ultra-Right into a movement of apparent mass opposition against the Bhutto regime, in the name of Islam, yes, but propelled by the daily misery of their material existences.

As of now, the struggle among power blocs within the predominant classes has been settled, provisionally, in favour of the monopolistic bourgeoisie,²⁴ the ultraconservative stratum of the landlord class,²⁵ and those fractions of the petty bourgeoisie who are allied with these class forces.²⁶ Conversely, we can see a major, though perhaps only temporary, setback for the power bloc of the reformist landlords, kulaks, that segment of the petty bourgeoisie which was politically organized in the PPP, and their allies among the administrative elite and the bureaucratic bourgeoisie.²⁷ Concomitantly, the 'socialism' of the reformist power bloc has been replaced by the 'Islamism' of the ultra-Right — a metaphysical concept of state power which implicitly recognizes that the crisis of society and its state power cannot be resolved within the predicates of the existing material relations, and which therefore attempts to shift the terrain of class struggle from the political to the moral and from the economic to the millenarian. To understand this shift in the terrain of ideological class struggle, we must demystify the 'Islamism' of the present regime and its material function in the concrete social formation of Pakistan.

First, the concept of an 'Islamic nation' is the main ideological weapon in the hands of the regionally-based dominant classes in their struggle to deny the rights, even the separate existence, of the oppressed nationalities; this is a particularly significant function of a *centralizing ideology* in a country where the national contradiction is rapidly becoming, in the actual practice of class struggle, the main aspect of the class contradiction. Second, fundamentalism is indispensable for reconstructing the ideological basis of the state; now that Pakistan is no more the 'national homeland' for all, or even most, Muslims of the subcontinent, its *raison d'être* must be that it is the home of the *good* Muslims, the last and much-beleaguered fortress of piety, fundamentalism and the like. Third, in explaining the crisis of the state, this 'Islamism' shifts the focus from material relations and claims that Pakistan

got dismembered in 1971 and has been disintegrating ever since not because of internal contradictions but because of an external 'international conspiracy' against Islam. Fourth, 'Islamism' posits a similar explanation for the economic crisis itself, and hence the poverty of the masses, which is now said to be a consequence neither of neocolonialist imperialism nor of indigenous systems of ownership and appropriation, but a divine punishment for 'un-Islamic ways of life', namely corruption, conspicuous consumption, alcohol, lack of prayers, and the propensity of women to leave their kitchens sometimes. Fifth, 'Islamism' provides the ideological justification for absolutism of the state, making it possible for the regime to speak of 'partyless democracy', to institutionalize naked mass repression in the name of collective purification, to justify physical torture (such as public floggings) on the basis of religious particularity, in short to violate each and every social contract in the name of divine sanctions. Finally, and perhaps most fundamentally, an ideology of religious alienation is an ideology of the last resort for a ruling class which has failed to contain the restive masses with the 'developmentalist' ideology of the Ayub era (1958-69) and the reformist/social-democratic ideology of the Bhutto period (1972-77). The economic context shows clearly that if Bhutto's 'socialism' was the ideology of a period when the state-in-crisis could still afford to make certain accommodations in the terrain of economic class struggle, the 'Islamism' of the present regime signifies the ideology of a later period when the crisis is so far gone that the state-in-crisis needs ever more, but cannot make any further, accommodations; potent deception must now give way to empty, and therefore brutal, exorcism. In the midst of these shifts, what interests us most, however, is the necessary *conjunction* of factors: (a) the return to economic power of the monopolistic bourgeoisie and its allies; (b) the rise of 'Islamism' in the terrain of ideological struggle, and (c) the restoration of the absolutist state under the hegemony of the military elite. This conjunction defines a specific structure, so that ideology appears not as an opaque, ahistorical, 'cultural' phenomenon, but as a material coordinate of the changes in the nature of economic and state power.

Let us now summarize the main features of this crisis. First and foremost is the economic crisis. On the level of the economic class struggle, the 1977 July *coup* signifies a decision of the metropolitan and indigenous bourgeoisies, acting through the apparatuses of the existing state, to strengthen immeasurably the repressive aspects of the Bhutto regime while dismantling its reformist aspects. The reformist aspect had simply meant that the economic and ideological struggles between the possessing and the dispossessed classes were being mediated constantly by a certain stratum of the radical petty bourgeoisie who sought to reconcile the contradictory interests of the antagonistic classes. When that buffer is abandoned, as it now is, class struggles become altogether transparent and therefore more acute. This is the first consequence of the *coup*. Besides, when the repressive apparatus of the state also becomes its political apparatus and when mediation is sought not through the radical petty bourgeoisie who command a certain legitimacy in the social

structure, but through political forces, such as the *Jama'at* with its strident right-wing ideology, which constitute the objective basis for fascism in the country and which are none too popular either, the social base of the regime is much narrowed. This rupture in even the pretence of an equilibrium between the state and what Marx used to describe as 'civil society', is the second important consequence of the *coup*.²⁸ Third, a state dominated by the repressive apparatus is always a *centralized* state; this extreme centralization of the politico-repressive authority intensifies the centrifugal tendencies very sharply, especially in Pakistan where the officers' corps is based mainly on the dominant region,²⁹ and where the struggle for national self-determination is a very considerable part of the social and economic struggles on the whole. This intensification of the national contradiction is the third major consequence of the *coup*. Then, prolonged military rule has also eroded the equilibrium between the various institutions within the superstructure (the Armed Forces, the civil bureaucracy, the judiciary, the political parties, etc.), thereby creating an institutional crisis of state authority, which is the fourth major consequence of the *coup*. 'Islamism', meanwhile, corresponds to the religious alienation of very restricted social strata³⁰ and points once more to the failure of ideological legitimation of the state, thus reducing even further the capacity of the state to expand its social base. This identification of repression with 'Islam', and of democracy therefore with secularism, is the fifth major consequence of the *coup*, specifically in the ideological domain. All these crises of state power — the economic, the institutional, the ideological, etc. — have exacerbated the crisis of the legitimacy of the state itself, so that the perennial unspoken question of Pakistani politics — whether the state of Pakistan is itself worth having or not — is being asked more openly and rather frequently. Finally, all the consequences of the *coup* have had the effect of creating a very great, and potentially revolutionary, contradiction between the democratic movement (movements, one should say, in the plural) and the socially isolated Armed Forces (i.e. the repressive apparatus of the state which is currently also its political apparatus). This is the classic, the ultimate terrain of class struggle, namely when the propertied classes are unable to contain the labouring classes, the oppressed nationalities and other forces of popular struggle within the predicates of local and regional conflicts of an essentially economic kind, and when the myriad social conflicts get focused in one, overwhelming conflict between the popular masses and the repressive apparatus of the state. This objective fact opens in Pakistan today a revolutionary possibility of unprecedented scope, far greater than the one that existed at the culmination of the Bangladesh crisis, when Bhutto's apparatus intervened and effectively destroyed that possibility.

The subjective problems of the revolutionary Left in Pakistan are such that this possibility is likely to be squandered in the short run, while imperialism and the indigenous propertied classes still have the initiative in that sense. That is why we have analysed the crisis here in terms of the economic base and the superstructure (in other words, the objective coordinates of the struggle), and not so much directly in relation to the *active* class struggles of the

proletariat and its allies. However, these more basic class forces have an indirect presence in our analysis, in so far as the struggles that occur among power blocs within the ruling class constitute a response to the more basic struggle between the propertied classes and the propertyless, while each power bloc seeks to establish *its* solution as the best one for the ruling class as a whole. In short, the intent here is to know the enemy. It cannot be the purpose of articles of this type to propose a strategy of resistance, or to analyse in any great detail the strategies already proposed inside the mass movement. It does seem appropriate, however, to signal a warning in view of the most recent developments.

It seems fairly clear that the democratic struggle is now developing its own dynamic and it cannot be merely a struggle to restore the *status quo ante*; for that reason, the basically mass character of the movement should not be allowed to get overshadowed by its links with Bhutto's personality cult. Thus, we consider those comrades to be in error who are arguing that Bhutto should not be criticized at the present juncture; this error, of a rather mechanical application of the principle of united front, needs a dialectical correction. Relative to the present dictatorship, the Bhutto period surely had distinct progressive aspects; he is at present a victim of arbitrary state action precisely because of those progressive aspects, and his very courageous defiance of the military authorities since the July *coup* has been a crucial element in the emergence of the democratic movement. For all these reasons, Bhutto rightfully belongs within this movement. Moreover, if he returns to power, Bhutto will be forced, even for his own security, to liquidate the political apparatus of the *Jama'at* and its allied strata, and to purge these sections of the officers' corps which are today most clearly identified with the regime; that alone would constitute a very great gain for the democratic movement. That is a significant side of the reality which must be affirmed. But the other aspect is less agreeable, for in the event that Bhutto returns to power, this even partial restoration of the *status quo ante* is likely to create as many problems as it solves. His blind pursuit of hegemony for his own apparatus, his intransigence on the national question (exercised most bloodily in Baluchistan), his reckless anti-communism and so on, are not mere character flaws which could be corrected through lonely reflections in a prison cell — they are predicates of a concrete class position. Bhutto is not Allende, nor a Sihanouk, nor even a Sukarno; he has admired all three of them but partially, and even demagogically; in the actual practice of his politics, he is rather more akin to Indira Gandhi. This intractable reality is likely to prove disastrous for the democratic forces, especially the national-democratic forces in the smaller provinces, if he were to return to power, at the head of a Peronist-style movement, uncriticized by the Marxist nucleus within this movement; at the very least, the masses need to know the pitfalls of their own consciousness, because consciousness also conditions history.

The Repressive Apparatus and the Jama'at

We cannot undertake here to predict the future with any great precision, especially when the battle is being joined on such a vast scale and in such a deadly fashion. Bhutto's life may still be spared, even through imperialist pressure, which destabilized him so recently and which now needs, nevertheless, a regime in Pakistan which has popular support in Punjab and Sindh. Since Bhutto can assure conditions of reasonable tranquillity in Sindh and Punjab, and since Zia cannot, Bhutto's bargaining power is yet not fully eroded. Alternatively, it is also wholly possible that the generals, whose lives will be very much endangered in the event that Bhutto returns to power, shall proceed with the hanging anyway, disregarding long-term repercussions, at home or in the region as a whole; this outcome is all the more possible because the *coup* of July 5th represents not merely a narrow feud of personalities, which could be settled on an individual plane, but a far-reaching schism within the ruling class whereby semi-secret, proto-fascist organizations, such as the *Jama'at*, are fully mobilized, alongside the Armed Forces and police, to alter fundamentally the social and ideological parameters of the constituted state. Finally, it is also possible that imperialism would impose, to preserve what is left of stability, a compromise whereby Bhutto's life would be saved but he would be kept imprisoned and virtually *incommunicado*, alive but ineffectual, stored away like a precious commodity, just in case he is needed at a future date.

Be that as it may. What interests us here, beyond Bhutto's personal fortunes, is the manner in which the politics of the *coup* have been elaborated, and the balance of forces as it now stands.

It is now beyond doubt that the purpose of the destabilization campaign (March-July 1977) and the subsequent *coup* was to hand over power to political parties of the ultra-Right which could not possibly have come to power through the electoral process. The so-called 'civilian government', appointed by General Zia, consists predictably of the *Jama'at*, ML, and JUI, namely parties which had together gained less than 15% of the vote in 1970, the only time reasonably fair elections were held in Pakistan. Thus, the recent *coup* is *structurally* different from the two previous ones in 1958 and 1969: not only has the repressive apparatus arrogated to itself the tasks of the political apparatus, it has also undertaken to transform the state in such a manner that the ultra-Right shall now be propelled into a hegemonic position in all the basic structures of authority. Here, it is impossible to underrate the significance of the emergence of the *Jama'at* as the moving spirit behind the leaders of the *coup* and as the senior partner in the coalition of the ultra-Right parties, and hence as the dominant force in the process of restructuring the state, because it is in the *Jama'at*, more than in any other political force in the country, that the social base for a dictatorship of the fascist type has been organized into a political party of the fascist type with all its various covert cells, departments, organizations and ideological superstructure. It is therefore necessary to comment briefly on the *Jama'at*.

The *Jama'at* is a peculiar imperialist construct, and the method in its madness is indeed extraordinary. Prior to 1947, it had opposed all anti-colonial movements: the Communists because they were communist, the Indian National Congress because it was predominantly Hindu, and the Muslim League (which led the movement for the creation of Pakistan) because of its non-theocratic programme; objectively, the *Jama'at* was at that time a tool, though a rather blunt and ineffective tool, of the British. Since the creation of Pakistan, it has been the chief vehicle of anti-communist propaganda, and its American connections are rather well known. In Bangladesh, it organized goon guards, in cooperation with the Pakistan Army, to conduct assassination campaigns which took the lives of scores of Bengali intellectuals and political workers; similar, and bigger, squads are now operating in Pakistan.

The *Jama'at* has always been a semi-secret, conspiratorial organization of trained and highly disciplined cadres, giving priority to organizational efficiency and loyalty over numerical strength. In its political work, it has always concentrated on urban centres rather than the countryside, which it considers largely irrelevant for its political strategy of urban agitations, selective terror against the urban Left, recruitment from among the urban petty bourgeoisie, and infiltration of existing apparatuses (the Army, bureaucracy, etc.) and ideological structures (educational institutions, the media, the mosques). In its ideological stance, it has stood for a certain version of fundamentalist Islam, pro-Americanism, defence of private property, and a unitary Pakistan with a strong Centre, simply denying the separate existences of the various nationalities — a set of ideological precepts, that is, which define common ground between the bulk of the urban petty bourgeoisie, on the one hand, and the ruling classes of the dominant nationalities as well as the military-bureaucratic elite, on the other. For a social base, the *Jama'at* has relied mostly on the lumpen and petty bourgeois sectors, especially merchants, contractors, service employees, and the lower stratum of the bureaucracy — in other words, the integral social base of the *Jama'at* is among those elements of the petty bourgeoisie who are engaged mainly in the circulation of capital. Meanwhile, it has always attached special significance to the ideological apparatuses, especially the press and the educational institutions. And, like any fascist party worth the name, it has covert special cells for targeting the revolutionary Left and for the training of infiltrators, *agents provocateurs*, professional agitators, goons, and assassins. All in all, we can say that whereas the *Jama'at*, like any other political formation of its type, is subject to a number of class determinations, it is above all an instrument of self-realization for those sections of the petty bourgeoisie who have seen their marginal class privilege considerably enlarged in the type of peripheral capitalist development Pakistan has experienced in recent years (expansion of commerce, contracting, and servicing; proliferation of bureaucracy, etc.); who have a great stake in fighting against the radicalization of politics in Pakistan; who have seen some of their margins being eroded by the recent economic crisis; and who blame Bhutto's so-called 'socialism' for the general

atrophy of economic life in the country. These strata are not *merely* agents of imperialism, monopoly capital and feudalism; rather, they have a distinct class position which is articulated in a specific conjuncture with that of the other dominant classes and which indicates the strategic position of the petty bourgeoisie in modern class society as a whole, especially in the Third World. Moreover, the bulk of the urban petty bourgeoisie of the dominant nationalities has turned to the *Jama'at* and its associates in the ultra-Right at a specific political juncture which has at least three significant aspects. One, the government of the PPP, and the radical stratum of the petty bourgeoisie acting from inside that government, clearly failed to protect the interests of the petty bourgeoisie as a whole, especially of its salaried segment, nor has this stratum organized itself into an alternative political formation that could contend for political power; in a characteristic vacillating fashion, the bulk of this class has thus swung to the extreme Right. Second, the manifest failure of the bourgeoisie to organize a stable political party, which would in turn have representational ties with the petty bourgeoisie, has created a crisis for the latter who have become, in this vacuum, particularly susceptible to the fascist parties. (Parenthetically, we should note that the *Tehrik-i-Istiqal* represented the only attempt on the part of the Pakistani bourgeoisie to create a political party predominantly its own, and even up to the time of the *coup* imperialist media had focused on Asghar Khan, the leader of *Tehrik*, as 'fit material to be Prime Minister', as *The Times* of London put it; the Army itself had appeared until then to be neutral between the *Jama'at* and *Tehrik*. It was the emergence of a pro-*Jama'at* faction to a position of dominance within the Armed Forces which forced *Tehrik* back into the background). Thirdly, the struggle on the national question is now so far advanced, especially in Baluchistan, that the petty bourgeoisie of the dominant nationalities is turning increasingly to the repressive apparatuses, and to ideologies forged specifically for the political dominance of these apparatuses, to ensure the continued existence of a highly centralized state in Pakistan.

The *Jama'at* had given up hopes of coming to power through the electoral process soon after the electoral humiliation of 1970, when it received less than 5% of the vote. Instead, it started concentrating on preparing a *coup* and on initiating a social process, particularly in the ideological domain, whereby the *coup* could be legitimized after the fact. First, it greatly expanded its proselytizing campaign among the Armed Forces where it found fertile ground for a variety of reasons. The generational shift in the high command from the British-trained, secularist officers to the less literate, more traditionalist officers, drawn largely from among either the migrants from East Punjab (for example, leaders of the July *coup*) or the unirrigated Potwar region, has given rise to a group of Generals who are socially conservative, inbred and highly susceptible to a puritanical ideology of the type the *Jama'at* professes. Similarly, patterns of general recruitment have also changed whereby not only the rank-and-file but even junior officers tend to come increasingly not from among the relatively more prosperous peasantry of Central Punjab

but from among the bankrupt farmers of the northern districts, representing a more backward social formation and a fundamentalist religious ethos. Thirdly, the generalized demoralization among the Armed Forces in the wake of the great defeat in Bangladesh (1971) had opened the way for the permeation of a millenarian ideology, in the absence of a rational one — that is, given the failure of the Marxist Left to grasp the need for ideological work among the ranks, the average soldier turned to Islamism, as preached to him systematically by the *Jama'at*, for an explanation of his failure as well as his future purpose. Fourth, it is also clear that closer integration of the Pakistani Armed Forces with their counterparts in the reactionary oil kingdoms, particularly Saudi Arabia and the UAE, has had consequences in the ideological domain as well. Most important, however, is perhaps the fact that the *Jama'at*'s propaganda among vast numbers of troops was officially sanctioned by commanding officers on the battalion level and above. Generals like Zia himself, a close relation of Mian Tufail, the present chief of the *Jama'at*, provided ample protection for secret cells of the *Jama'at* inside the Armed Forces; it was the only political organization which had such opportunities.

Since the elections of 1970, we have witnessed a similar process of the *Jama'at*'s (successful) bid to infiltrate every other civic institution and social structure as well. In addition to the army and bureaucracy, which are of course critical in conspiratorial takeovers, the *Jama'at* has attached special significance to educational institutions and the vernacular press, partly in pursuit of long-term ideological hegemony over the petty bourgeoisie but more urgently because students and newspapers play a decisive role in the mass-scale urban agitation which is in turn necessary to create the type of social crisis which can be used to legitimize political intervention by the Armed Forces, for instance the urban agitations of March-July 1977 which provided the justification for the *coup* that followed. *Jami'at*, the student front of the *Jama'at*, is now the largest and most disciplined organization in the country; this dominance has been obtained through years of perseverance, painstaking development of elite cadres, monetary benefits for its members, enormous amounts of available funds, and organized terror campaigns against opponents among students and faculty alike. Similarly, the vernacular press is dominated by the *Jama'at*: the *Urdu Digest* among periodicals, *Zindagi* among the weeklies, and *Nawa-i-Waqt* among the dailies, in addition to a host of other publications. The student front and the press, not to speak of the myriad mosques, help the *Jama'at* not only in recruitment of members and sympathizers but also in projecting itself as a party of far greater weight than it actually commands; this projection is in turn used to legitimize the dominant position of the *Jama'at* in the new 'government' without any reference to the actual social and/or electoral base it may or may not have in the event of general elections.

General elections are doubly impossible in Pakistan today. First, because Bhutto's PPP is still the largest party in the country, regardless of — one might say, because of — the regime's campaigns of annihilation against it. Second, because the *Jama'at*, the real mentor of the ruling *junta*, is not the

largest even among the anti-Bhutto parties; *Tehrik* and NDP are unquestionably larger parties. So, no matter how much the future elections are rigged, the *Jama'at* simply cannot win a dominant position in an elected legislature, not to speak of other apparatuses of the state; consequently, it must seek to establish its hegemony over the state through the increasingly elaborate and transparent activity of the repressive apparatus. Interestingly, the *Jama'at* represents a minority sect even among fundamentalist Muslims; it needs to exercise naked repression in order to impose its own version of Islam over other sects. In order to appoint a 'civilian government' composed of the *Jama'at* and its allies, the Zia regime has had not only to suppress the PPP but also to undermine and actually break the PNA as well; only after the departure of *Tehrik* and NDP from the PNA did the *Jama'at* begin to look like a big political party.

We cannot say how long this regime of a minority-within-a-minority will last; in the foreseeable future, it will all depend on the will of the commanding officers. Nor can we say whether or not Pakistan itself, as a state, will outlive this dictatorship; the chances seem slim indeed. Meanwhile, the immediate objective of the ultra-Right, led by the *Jama'at*, is to dismantle the PPP, the major democratic opposition. The repression unleashed in the service of this objective is vast. Six divisions of the Army are said to be deployed in Sindh and Punjab, to control the explosive situation in these provinces. Sindh alone is said to have 30,000–40,000 political prisoners. According to one estimate, 10,000 members of the PPP are currently imprisoned; this number obviously includes the leadership. And yet, the PPP has shown remarkable resilience; it never was much of a party, but now, in the hands of its left wing, it has surely become a broad-based movement. Recently, for example, roughly 3,000 persons were apprehended in Lahore alone on the night of October 14th, merely to prevent the PPP from observing a 'Protest Day' which was scheduled for the day after. At least ten persons have attempted to immolate themselves; at least four are known to have died of burns. Meanwhile, the flogging of political prisoners has become a routine affair, even for raising slogans in a public place. And all this is before the actual hanging of the deposed Prime Minister. No one can dare predict what will happen if he really is hung. Perhaps not very much on the next day; not many people know how to fight an army. But the iron will go deeper into the soul, and something will break, irrevocably. As a Sindhi comrade put it: countless will enter the school of rebellion, and many will actually matriculate from this most difficult of schools.

The second objective of the ultra-Right is to capture a hegemonic position in apparatuses of authority. Since the repressive apparatus is said to have been secured already, attention is now focused on the administrative and ideological apparatuses. So, a flurry of purges, transfers, and fresh appointments is already under way, though on a limited scale so far. Over the years, the *Jama'at* has maintained covert cells in all walks of life, especially in government service, educational institutions and the media. These voluminous dossiers are now at the disposal of the regime, the covert cells are functioning

as the regime's eyes and ears, and the paramilitary squads of the *Jama'at* are being reinforced; the Muslim League, the second political party in Zia's so-called civilian government, is fast developing similar covert cells; the goons of the *Jama'at* have openly terrorized students across the country in order to capture leadership of the students' unions, and; along with their counterparts in the ML, they are on the offensive against PPP processions in all major cities. There is, however, no general onslaught against the Marxist Left in Punjab and Sindh yet, precisely because the immediate crucial preconditions — annihilation of the PPP, and a hegemonic position in all constituted apparatuses of authority — have not been obtained, and the ultra-Right, so patient and methodical over the years, so poised now for the big kill, does not plan to overreach. In context, the ability of the Marxist Left to survive will depend, especially in Punjab and Sindh, on its ability to define and defend a middle space between itself and the developing fascism which is today devouring the potential allies of this Left in anticipation of the battles of tomorrow.

Conclusion

Clearly, the present crisis of state authority in Pakistan does not lend itself to a resolution of the bourgeois-democratic type. The tendency of the repressive apparatus to subsume within itself the political apparatus as well, the far-reaching alliance of the Armed Forces with the potentially fascist formations, such as the *Jama'at*, which command no appreciable social base; the steep decline in the bases of economic life; the regime's utter lack of will or capacity to resolve, or even address, the national question; the identification of the state with an ideology which further alienates this state from 'civil society', especially among the minority nationalities; the transparent erosion of judicial norms; the spiralling repression which can now only reproduce itself on an extended scale; and a host of other such factors have introduced into this particular crisis of state authority certain features which cannot be contained, or resolved, within the field of what can be loosely described as bourgeois-democratic practices. Nor is there at present a class conjunction to give such practices a stable organizational form.

On the other hand, this crisis — predicated so clearly on a revolutionary situation, in the precise sense that the ruling classes have lost all capacity to rule, and hence all social legitimacy — cannot be resolved in a revolutionary manner either, because there is no revolutionary force sufficiently advanced to contend for state power. This, then, is the quintessential dialectic — namely, the total degeneration of the quasi-bourgeois state, the incapacity of the Marxist Left to prepare for a seizure of power — which opens the concrete possibility for the actual collapse of the polity itself, in the literal sense of a territorial collapse. It is not altogether impossible that a counter-coup, in co-ordination with a mass democratic movement or even unaided by such a movement, will overthrow the present order in the near future, to restore the PPP or a similar force to power, thereby arresting the momentum for terri-

torial disintegration. We simply do not know enough about the internal dynamics and conflicts of intent within the Armed Forces to estimate the likelihood of such an occurrence. Barring such a development and on the basis of present trends, however, it is difficult to locate a sufficiently cohesive force in the country that can successfully keep alive the enterprise of Pakistan.

Postscript

The preceding text was completed in October 1978, prior to the sentencing and execution of Prime Minister Bhutto. The concluding sections in particular, were drafted rather hurriedly. Both these elements — the extraordinary uncertainty of that conjuncture, as well as the haste in formulating these conclusions — have introduced some elements into the text which now need scrutiny. So much more has happened in the past months [to June 1980] that one is tempted to update the entire narrative, so as to clarify the altogether new conjuncture that has arisen partly as a result of domestic upheavals, but in considerable measure also, owing to events on the regional scale, principally in Iran and Afghanistan. Rewriting of that magnitude, however, is clearly beyond the scope of a postscript. I will, therefore, restrict myself to clearing up certain ambiguities and rectifying some errors of the original text, and conclude by summarizing those later developments which have had a bearing on the trends that were anticipated in the original text.

1. The earlier sections of our text explicitly define the limits of Bhutto's reformism and the perimeters of bourgeois politics within which he organized his exercise of power. His 'anti-imperialism' had very obvious limits. What needs to be added today, however, is that his propensity to capitulate to militarism and imperialism also had its limits. More than that. In the 30-odd years of Pakistan's history, Bhutto was the only bourgeois politician who had a fundamental and passionate sense of the limits beyond which he could not be coerced; there was quite a lot that the Generals and the imperialists could take *with* his consent, but in order to take more they had to walk over his dead body. He was not a revolutionary, nor even a consistent nationalist; but in that mire of degradation which is the history of our ruling class, he was the only one who had a sense that honour, even national honour, exists, that endurance is possible, that certain stakes are worth the price of one's life, and that in the Third World, in times of ultimate danger one turns, not to imperialism but to the masses. Even this sense was neither consistent nor highly developed in him, but he did have it. In his class, he was the only one.

2. There was, in our original text, too glib an identification between the present regime and the return of the big bourgeoisie. The following passage, for example, now appears to me to be highly problematic:

As of now, the struggle among power blocs within the predominant

classes has been settled, provisionally, in favour of the monopolistic bourgeoisie, the ultra-conservative stratum of the landlord class, and those sections of the petty bourgeoisie which are allied with these class forces. Conversely, we can see a major, though perhaps only temporary, set-back for the power bloc of the reformist landlords, kulaks, those segments of the petty bourgeoisie which were politically organized in the PPP, and their allies among the administrative elite and the bureaucratic bourgeoisie.

This is misleading and erroneous on several counts. First, the conjuncture is said to be 'provisional' and 'temporary', but the text specifies only the *political* instability of the *regime*, without sufficiently underlining the structural reasons why the return of the big bourgeoisie of private ownership (on the scale, say, of the developing industrial/banking bourgeoisie of the Ayub period) is strictly impossible. Second, contrary to the author's general theoretical framework, the phrasing of the passage seems to imply that military dictatorship is somehow an *instrument* of the big bourgeoisie. Third, the distinction between the 'ultra-conservative' and the 'reformist' landlords is somewhat mechanistic and opaque, displacing the conflict into a realm of private ideologies without sufficiently underscoring the historical necessity, beyond anyone's private views, which has compelled the state to force the pace in the capitalization of agriculture in Pakistan, though within the confines of peripheral development.

Upon rereading the text, and especially in light of the experience of the past two years, it has become necessary to reiterate and/or specify the following points.

1. Military dictatorship in Pakistan is in no functional sense an instrument of the big bourgeoisie, and its preference for capitalist development under the hegemony of big private capital is a matter of a choice made by the apparatus itself. If, however, the return of the big bourgeoisie is found to be impossible *in practice*, the military apparatus, whose primary interest is the pursuit of its own hegemony, is quite willing to make a different set of alliances.

2. Political instability of the regime is undoubtedly one of the primary constraints hampering the return of the big bourgeoisie, i.e., the dictatorship is unlikely to last for, say, a decade, and no capitalist is willing to make large-scale investments unless the political conditions of those investments can be guaranteed for the foreseeable future.

3. Originally, the military regime was, indeed, keen to revert to the politics of the Ayub era. It was quite determined to denationalize industry, banking and the educational apparatus; and, concomitantly, it was anxious to offer all sorts of concessions and tax holidays to foreign and domestic capitalists. However, objective constraints have been too many, and no significant denationalizations, or large-scale private investment in industry or banking have taken place.

4. Nationalizations, as a form of state capitalism, occur in the capitalist

periphery as part of the increasing interventionist role of the state in peripheral economies. The mode and extent of these nationalizations are determined not by the ideology of rulers, but by the modalities of capitalist development in specific formations. As such, once implemented and integrated into the structure of economic production as a whole, nationalizations are extremely difficult to reverse, especially in the industrial sector, as is shown by the experience of Sadat's otherwise very stable regime in Egypt. In Pakistan, the nationalized commercial banks have become so important a source for the state's own deficit planning; the stratum of the bureaucracy that administers the nationalized sector has developed such a vested interest in the continued existence and even expansion of that sector; the workers in the nationalized industries, who have made considerable economic gains as a result of nationalizations, are so hostile to the return of the big bourgeoisie; the teachers in the nationalized institutions have gained security of tenure and salary, while the students have obtained expanded facilities, thus uniting in so vehement an opposition to the return of the business sharks who used to run educational institutions purely for private profit, that the regime is forced, under multifarious pressures, to reverse its earlier commitment to denationalization.

5. The genesis of industrial and finance capital in Pakistan was always tied to the merchants' capital, and the big bourgeoisie never wholly completed its transition from merchant to industrialist. Over the past decade, as its crisis deepened, this bourgeoisie, reluctant to undertake the long-range risks of industrial accumulation, has reverted to the short circuits of circulation. Some, perhaps many, have departed to more lucrative openings in the Gulf and even to the metropolitan centres of Europe and America. Others have rediscovered their vocation in wholesale trade, import/export trade, contracting, hoarding and speculation, smuggling, labour exports, and so forth. A lot of quick money is still being made in these activities, thanks to the accelerated pace at which money and commodities are circulating in the country, owing mainly to the expanding influx of remittances into the domestic market, the rising incomes in the export sector of agriculture, the elaborate expenditures by the state, and the growth of real estate as the main field of investment in savings. A lot of money is being made, perhaps more than ever before, but this is hardly what one would describe as the return of the monopolistic bourgeoisie.

6. As regards agriculture, the regime has of course forced the country to forget about the last set of land reforms, which Bhutto had announced in January 1977. For the rest, the structure as well as the directions of its transformation remain the same. Export orientation, capitalization of the instruments of agricultural production, expansion of rural credit, and so forth — i.e., the hallmarks of Bhutto's agricultural policy — are in the interest of all owners of agricultural property. These continue apace. Certain strata of the agrarian bourgeoisie had been hard hit by Bhutto's initial nationalization of certain agro-based factory units; these, however, he himself had been forced to denationalize in the course of the political confrontation which paved the

way for the July *coup*; the Zia regime has merely implemented that particular denationalization. In other words, there has not been a shift of power from one sort of landed property to another, as our rather opaque distinction between 'reformist' and 'conservative' landlords might have suggested. There *has*, however, been a marked shift in the relationship between the direct producers and the landlords, whereby the latter have regained, under direct encouragement by the dictatorship, many of the political and social — and hence economic — initiatives which they had lost during the Bhutto era; accelerated pace of eviction of tenants, sharecroppers and squatters, is indicative of this shift in the balance of class power.

7. Finally, the military regime has, indeed, been unable to obtain full cooperation of rather large segments of the civilian bureaucracy, but the reasons for this are rather more complex than our earlier writing suggests. It is not the case that the Zia regime has curtailed the power of that segment of the bureaucracy which directly administers the nationalized sector of the economy; that, in any case, would have been a rather simple matter for Zia to handle. The reasons for the alienation of much of the civilian bureaucracy from the military regime must be understood in rather different terms. Of these, three processes are especially worthy of note. One is that the period since 1968 has been one of growing politicization in Pakistan, and the bureaucracy itself has been drawn into not only administering the formation but also participating in its political currents. During the Bhutto era, a large section of this bureaucracy swung toward the PPP, but there were other segments which, resenting the power of the political machine of the PPP, became avid supporters of other political parties; allegiances to the *Jama'at* grew especially rapidly among the lower ranks. As the military dictatorship stabilized itself at the expense of *all* the political parties, the various segments of the bureaucracy, allied as they are with the different political parties, are all more or less equally alienated from the dictatorship. Second, in so far as in countries like Pakistan the state is the largest employer, countless individuals find jobs in its apparatuses while still holding strong reservations regarding the role and ideology of those apparatuses; as the democratic movement gradually encompasses all varieties of political tendencies and social strata, resentment toward the military dictatorship is also likely to grow within the civilian apparatuses. Finally, the elaborate influx of the military personnel in commanding positions throughout the body of the state (e.g., the military courts functioning parallel to, and now above the High Courts; military officers taking key posts in police and administrative services; the take-over of ministries, policy-making institutions, even institutions of everyday repression, etc.) leads to general resentment in the civilian bureaucracy as a whole, for its relegation to a subordinate position.

8. A similar error, essentially of over-statement but also of substance, was made in summing up the relationship between the military apparatus and the political parties of the ultra-Right. The following statement, for example, is indicative of this imprecision:

It is now beyond doubt that the purpose of the destabilization campaign (March-July 1977) and the subsequent *coup* was to hand over power to political parties of the ultra-Right which could not possibly have come to power through the electoral process.

True enough. In retrospect, however, it is quite clear that passages such as these explain the 'purpose' of the political parties only. The Armed Forces obviously had a different 'purpose', namely that of using the destabilization campaign for imposing their own dictatorship, at the expense not only of Bhutto's electoral majority but also over and above the minority parties which had created the requisite conditions for the *coup*. The empirical facts elaborated in our text were correct, but the text did not wholly specify the unequal nature of the relationship of forces, i.e., that the Armed Forces were indeed allied with the ultra-Right but that they, and not the political parties, were the dominant partner and hence, fully able to abrogate their alliance at the moment of their choice. We predicted correctly, on the basis of our analysis, that the Generals would under no circumstances call for general elections, but we also asserted, wrongly as the facts prove now, that the *Jama'at* would be the permanent titular guardian of whatever government the *junta* would ultimately devise. What assumptions led to that prediction? And, why did the *Jama'at* fail to attain that status?

The assumptions were several. One, that the Army would in the long run not rule under its own name and would insist, as it has done since the first *coup* in 1958, to rapidly devise a civilian facade. Second, since the *Jama'at* was politically and ideologically closest to the orientation of the leaders of the *coup*, the *junta* would naturally choose it to be the favoured political party in the fig leaf of the civilian government. Third, pro-*Jama'at* elements within the Officers' Corps, including Zia, were expected to play a crucial role in devising this configuration. Fourth, although the *Jama'at* is a small political party, composed of elite units and covert cells, it could become a sizeable force, thanks to the technical efficiency of its political machine, the support it gets from the regime, the control it has over the media and the students' organizations, and the ideological mobilization that it could effect among the petty bourgeoisie and the lumpen mass of the dominant Punjabi and Urdu-speaking nationalities, whom in turn constitute the prime social base for fascism in Pakistan.

These assumptions were indeed substantial, but contrary facts were even more so, and subsequent events have clarified what could have been perceived even then.

1. Given the scale of repression that has been necessary in order to keep the dictatorship in place, the Generals, despite their textbooks, could not possibly devise the benign facade of a civilian government for themselves; they have had to accelerate, rather than decrease the direct role of the Armed Forces in the processes of governance, administration and repression.

2. The *Jama'at* is so very small that its presence in government in no way gives the government a representative character, and a political party that

does not help legitimise military rule is useless for the Generals; repression, even Islamic repression, they can conduct themselves.

3. The *Jama'at* is, indeed, the most disciplined political organization in the country, and its potential for fascist terror under the aegis of the military is truly frightening; but the zeal and discipline of its cadres, drawn as they are from among the urban petty bourgeoisie, cannot sufficiently offset the abysmally low level of its leadership and the transparently reactionary character of its political platforms, considering especially the enormous popularity of the Peoples' Party, the heterodox traditions of Islam among the popular masses, who view fundamentalism with suspicion, and the permeation of radical libertarian ideologies during the past decade.

4. The dilemma for the *Jama'at*, therefore, is this: it cannot become a powerful organization without extensive patronage from the repressive apparatus of the state, but any close identification with the Zia regime, given its universal lack of popularity, is, for any political party, tantamount to a kiss of death. Hence its prominent participation in the 'civilian government' appointed by Zia at an earlier stage, as well as its hasty withdrawal from that government on the eve of Bhutto's execution. Hence also, the paradox that the *Jama'at* relies on the Army for weapons, training and protection of its goons and assassins, but it must also occasionally mount demonstrations against the military dictatorship in order to disavow its covert connections.

5. The civilian government composed of certain ultra-Rightist parties, which Zia devised prior to Bhutto's execution and which was in place at the time of our writing, proved to be a short-lived affair because it served no one's purpose. Because the parties were much too small to give the dictatorship an air of legitimacy it saw no value in it. Conversely, the parties which had participated in the so-called government found that the military regime was unwilling to concede even a small share of real power to them, while the identification with the dictatorship was eroding what little constituency they had in the general populace. The dictatorship has no choice but to rule in its own name.

6. In any event, what we need to emphasise, more than the concluding sections of our original text indicated, is the specific effectiveness of the military apparatus and the material aspect of projects and objectives set by the personnel which directly dominates these apparatuses. The Generals are not only chosen by others; they also do their own choosing, and they do so as much in conjunction with the dominant class (and politico-ideological) forces as in accordance with their own perceptions, interests, and pursuits of concrete forms of power.

7. At this juncture, we need a general conceptual framework which explains why military dictatorship is the only form of regime possible in Pakistan today. The restricted space of a postscript obviously does not permit us to develop such a framework, but certain elements of it can be indicated.

1. It is correct, but insufficient to say that the relative autonomy of the post-colonial state is premised on the fact that it performs the necessary task of mediating/reconciling the competing interests of the dominant classes of

the formation (i.e., the metropolitan bourgeoisie, the indigenous bourgeoisie, and the landowning classes). We are faced here not only with the 'relative autonomy of the state' as such, but also, specifically, with the dominance of the rest of the state by its repressive apparatuses, principally the military apparatus. The *conjunction* of elements which lead to *this* outcome is what needs to be explained.

2. The historic inability of the Pakistani bourgeoisie to create an appropriate political apparatus of its own, which is in turn the necessary outcome of the specific and multi-faceted weaknesses of this class, has meant that the transition to a generalized capitalist mode must be made under the hegemony of some *other* apparatus. The enormous and rapid growth of the military apparatus *in the post-colonial period (since 1947)*, in marked contrast to the sluggish and chaotic conditions of the bourgeois political parties, meant that already in the later 1950s, on the eve of the Second Plan Period (i.e., the crucial period as regards the definition of the perimeters of peripheral capitalism in Pakistan), military dictatorship was chosen as the favoured form of regime to ensure the conditions of peripheral development. The subsequent period, which witnessed a consistent pattern in which the Armed Forces appropriated half or more of the state revenues, only consolidated the tendencies that had grown in the 1947-58 period, thereby strengthening the military apparatus *vis-a-vis* other apparatuses of the state, the myriad and splintering parties, as well as the class forces seeking domination in the field of political class struggle. The shift to civilian government during the Bhutto period can thus be seen merely as a pause, owed mainly to the crisis of the Armed Forces themselves, resulting from the separation of Bangladesh which had revealed the utter ineptitude of these Armed Forces in both the political as well as the strictly military domains. In this sense, the return of the Armed Forces to absolute dominance over the state, which they achieved with the *coup* of July 1977, symbolizes above all their recovery from the crisis of 1971.

3. In so far as Pakistan produces no significant industrial raw materials and offers no considerable markets for the high-technology products of the metropolitan countries, it has never enjoyed very great prominence in the strictly economic calculations of multinational capital. However, in so far as it borders on the three largest states of the world (U.S.S.R., China and India) as well as the strategically crucial Persian Gulf, Pakistan has always had enormous geo-political significance for imperialism. The upshot of this is that imperialism has always been much more closely tied to Pakistan's military apparatus than to Pakistan's bourgeoisie *per se*, further eschewing the relationship of forces between this apparatus and every other element in the formation as a whole.

4. The need for large-scale and naked repression has grown in direct relation to the accelerated pace of popular politicization, especially since the uprising in 1968. The first test, of course, came in Bangladesh, and we know the consequences; the structure of repression had to be dismantled on the actual battlefield, through the agency of external intervention. In the

interim of the Bhutto era, repression in Baluchistan escalated to the level of a full-scale war, and yet that war could be sustained under the rubric of a civilian government precisely because the war was territorially confined to the periphery of the social formation. In the present phase, however, political opposition, unevenly developed as it has always been, is now centred in the prime heartlands of the country: Central Punjab and Upper Sindh. The present repressive apparatus predominates throughout the state because it has become essential that repression is clearly perceived as the main function of the state throughout the social formation, including its heartlands.

5. Once the military apparatus has come to dominate the state as a whole, the apparatus itself, as well as its personnel, collectively and individually, develops a vested interest in the continuation of that dominance. The Armed Forces cannot ensure for themselves continued appropriation of the bulk of the state's revenues without direct domination of the state; similarly, countless officers gain directly, in formidable pecuniary ways, from participation in the structure of the dictatorship; military courts, for example, are not only instruments of repression; they also generate enormous sums of money in the form of bribes, for a goodly number of military personnel.

6. Like most post-colonial societies, and perhaps more than in most, the military apparatus in Pakistan has been able to use the unsettled nature of the state's territorial boundaries for mobilizing considerable support for itself and for justifying its own appropriation of the bulk of the state's revenues. These boundaries are constantly challenged by neighbouring countries as well as secessionist movements inside the country. The Armed Forces, irrespective of their glaring ineptitudes, nevertheless present themselves as the only guarantors of the continued survival of the state, in the most literal sense, and manage, therefore, to organize an ideological ensemble appropriate to the creation of the national security state under the supervision of the military apparatus.

7. In a multinational state, an army which is drawn largely from the dominant nationality, in turn, becomes an instrument of continued domination by that nationality. The ideology of the national security state then becomes particularly pervasive in the dominant nationality.

8. Dictatorship, we know, is an objective necessity for the ruling classes in Pakistan today, so as to ward off the threat of popular revolution on the one hand and territorial disintegration on the other. But dictatorship in Pakistan cannot take the fascist form. For a fascist dictatorship to arise, a stable political party that meets at least two preconditions would be essential. One, it will have to (a) unite the dominant sections of the ruling classes, (b) develop representational ties with the more dynamic sectors of the petty bourgeoisie, and (c) organize institutional bases for mass mobilizations, at least in the key urban centres. Second, it will have to be powerful enough to establish its own dominance over the national security apparatus, including of course the crucial military apparatus. None of the existing political parties is even remotely able to meet these preconditions; the former would require an actual defeat of the mass movement and an altogether more mature level in the

mode of bourgeois politics; the latter would require fundamental alterations in the perimeters of the constituted state. In any dictatorship, therefore, the military *has* to be the dominant element. In their ideological formation, meanwhile, the predominant sections of the Officers' Corps have moved further to the reactionary and repressive Right, away from the social-democratic and populist currents in mass politics. A radical transformation of the regime from the inside, in the direction of popular legitimacy, is, therefore, highly unlikely.

And so on. The elements which contribute to the continuation of a self-obsessed, myopic, Right wing, socially isolated and highly repressive military dictatorship are myriad, and even the few we have stated here in summary fashion need much elaboration. The important point, however, is that the problematic of military dictatorship in Pakistan today is not reducible to the exceptionally bestial appetites of General Zia ul Haq. Nor is it in any other respect an exceptional circumstance. There are conjunctural reasons why military dictatorship *must*, as a rule, be the preferred form of bourgeois regime in Pakistan.

9. The execution of Bhutto produced, as we had predicted, no grand upheaval on the day after. But, as we had also surmised, the iron has gone deeper into the soul, and countless citizens have entered, admittedly as mere novices, various schools of rebellion. But why was the news of the execution greeted, *en masse*, with suppressed rage, even sullen petulance? Why did the rebellion not materialize in or before April 1979, as Bhutto had so ardently — so wishfully, so mistakenly — expected? Some of the answers are obvious enough.

Clearly, the regime's tactics had had considerable effect. By dragging out the process over approximately 15 months, it achieved two things. One, the general populace had begun to live with the idea that Bhutto probably *would* be executed; and, the failure of the smaller actions organized by the middle-ranking Left wing cadres of the PPP, combined with the steadfast inertia of its landlord leadership, had bred a general demoralization on the one hand and cynicism on the other. Second, selective terror throughout those long months had effectively neutralized thousands of militants, thus pre-empting spontaneous aggregation of open dissent; everyone knew that he/she was being watched, and scores of thousands carried the emblems of torture on their bodies.

Equally clearly, the masses, especially in Punjab and Sindh where the democratic movement at that point was most vociferous, were shocked into silence by their sudden awareness that, in fact, they did not know how to fight an army. Few now wished to organize yet another demonstration; most were determined to fight, gun in hand. But there were no guns, no serviceable knowledge of guns, no real organization of that sort. And, everyone knew that it was a time like none other in our history: that there would be tanks on the streets of Lahore and Karachi. Memories of Dacca! Hence the mass retreat, even before any battles were joined. But everyone carried the same thought in his/her head: the fire next time.

The decisive element, however, was neither the regime's cunning nor the fear that stalked the streets. There was also the legacy of the Bhutto period. He, in his time, had already done a superb job of disorganizing precisely those institutions of popular initiative which might have otherwise organized the sort of rebellion he now wished for. The People's Party itself, the majority party in the country, came to look less and less like a political organization and more like a feudal entourage. Within the party there were no elections, no system of planning or accountability, no professional or technical division of work, no venues for initiative or autonomy; everything had revolved around the whims and outlooks of the patriarch. Once the patriarch had been overthrown, imprisoned and besieged, the party developed two poles of attraction: one around the landlordist segment of the leadership, and another around the wife and daughter of the departed leader, i.e., a system of feudal authority, and a realm of private allegiances. The two intentions, of charismatic defiance and of easy capitulation, obviously could not overlap; the party, which by then had become the symbol of a mass dissent, began to divide against itself. The landlordist group was despicable but consistent: it wanted accommodation with the dictatorship and there were no two things about that. The Bhutto ladies, on the other hand, were enormously courageous but, sad to say, not very consistent: they wished for a mass uprising, but strictly within those bourgeois ways which were characteristic of their class and, for two decades had been the hallmark of their family's mode of politics; the anger of the masses was for them a bargaining-counter and a trump card against the military dictatorship. Nusrat Bhutto's oft-repeated slogan was thus hollow, but also symptomatic: either the regime holds elections, or we shall make the revolution. In the event, neither party was serious about its promises; Mrs. Bhutto was about as prepared for revolution as Zia was for elections. Caught between brutality and hyperbole, the country learned to live with the expectation, and then the fact, of Bhutto's execution.

And those who had seen their own flesh torn under the military's Islamic whip began to wonder whether or not they had made a mistake. There was, in other words, reason enough to suppress one's rage and, yes, to be sullen.

10. The Zia regime is socially more isolated today than any we have had in the past; and more socially isolated than most Third World dictatorships — more, it appears, than that of Marcos in the Philippines or of Pinochet in Chile. What, then, accounts for its ability to endure? Four factors, we think, are at present of paramount importance: fragmentation of the opposition, the shared need within the military apparatus to close ranks behind the dictatorship, an ambiguous economic situation which is sliding towards collapse but is not there yet, and the commitment on the part of the American-Chinese-Saudi axis to work closely with the existing configuration of power in Pakistan. The question of the opposition — its variegated interests and tactics, its fragmentation and underdevelopment, etc. — is too complex for exposition in a post-script; the homogeneity of interest among the military officers, on the other hand, is obvious enough, for present purposes. We shall therefore comment, of necessity briefly, on the latter two factors only, namely the economic

situation and the nature of the imperialist interest in the emerging conjuncture.

11. We had argued in our original text that declining standards of living, especially for the urban middle and lower strata, had opened the possibility for the ultra-Right to organize a mass movement of opposition to the Bhutto regime in the key urban centres. It is doubtful that the military regime's performance is any better, in reality perhaps much worse. Whether we look at inflationary trends or at trade deficits, whether at the monetary crisis at home or at foreign exchange reserves abroad, the situation is alarming indeed. In the first six months of the dictatorship, July–December 1977, figures had begun to indicate a sharp decline. The inflation rate had risen to an annual average of 30%, fully comparable to the *worst* period of Bhutto's rule, i.e., 1972 and 1973 when the economy was faced with vast dislocations caused by the Bangladesh crisis. In the two weeks between 24 October and 7 November 1977, currency notes in circulation had risen by 69.64 crores, a record increase unparalleled in the entire annals of our previous history. Similarly, the National Bank's *Economic Newsletter* for November 1977 had noted: 'A decrease of Rs 60.61 crores, or 14.54%, was recorded on 13 October 1977, in Pakistan's approved foreign exchange reserves and balances held abroad. . . The trade deficit during the first quarter of 1977-78 (July-October 1977) amounted to Rs 102.51 crores.' And so on. These trends have continued, and in some respects intensified.

How has the regime managed, then, to stay afloat? First, the cyclical improvements in crop yields. While Bhutto's last two years in office were marked by the worst floods in our history, and hence by much depleted crops, the dictatorship's first three years have been marked by excellent weather and hence bumper crops. This may be God's own gift to a devout dictator but even God's mercy is limited especially in matters of agriculture. There are indications already that the stress is mounting: state subsidies to agriculture have already been cut back, and retail prices after the budget of 1979-80 rose by 35%. What will happen to these prices when the weather becomes unkind to crops, bringing floods or drought, cyclically, as it tends to do?

Second, remittances from Pakistanis working abroad now truly constitute the only spine the economy has. In 1978, when we pointed out that labour had already become Pakistan's chief export commodity, remittances constituted two-thirds of all such earnings, rising from \$288 million five years ago to an expected \$2 billion dollars for 1980. One million Pakistanis now work in the Gulf and the Middle East; half of them in Saudi Arabia. The quadrangular character of this relationship with the oil kingdoms is remarkable: we import oil worth a billion dollars, we export commodities to them worth \$343 million (in 1979-80), we receive remittances from there worth about \$2 billion dollars, and the investments by the Gulf states and Saudi Arabia in Pakistan are now approximately \$1 billion, with another \$500 million already on the way. This spectacular rise in funds flowing from the oil kingdoms, principally in the form of remittances, has, until recently, been the main ele-

ment salvaging the foreign exchange situation, even as the domestic structure of the economy has become increasingly hollow and directionless.

Now, however, there is a third element. On 12 June 1980 the Aid-to-Pakistan Consortium, meeting under the aegis of the World Bank and the policy direction set by the United States, approved \$980 million for 1980-81 — up from the highest of about \$700 million in the past. More significant than that is the willingness to reschedule the debt payments, under explicit U.S. prodding. Pakistan's total debt now stands at \$10.3 billion, half of which is owed to the Consortium. If aid were held at previous levels without rescheduling, the entire amount would have gone for servicing the debt; with the new arrangements, however, Pakistan gets a reprieve worth \$700 million and a fresh injection of almost a billion dollars. Not bad for a brutal dictatorship in the era of 'human rights'! In the long run, moreover, the substantial economic significance of this decision may be overshadowed by the political significance of the fact that the explicit espousal of this policy by the United States, reversing the earlier policy set by Congress not to approve rescheduling, indicates the expanding imperialist interest in Pakistan.

In short, the economy is balanced on a razor's edge, and the imperialist-capitalist model of development (production for export, consumption by import) is in acute crisis. The whole structure is based on exports, but the *capacity* to export is irremediably stagnant. The remittances, obtained by dismantling the entire technical infrastructure which the labour of our people had built over decades, are becoming increasingly the exclusive guarantee for liquidity in the national economy; but these remittances are subject to the vagaries of volatile politics in the Gulf region, and there is, at any rate, an inherent tendency in such earnings to level off and to even decline in real terms, as has begun to happen already in the case of Jordan and North Yemen. This crisis-ridden economy, so fragile as to be truly at the mercy of rainclouds, is mortgaged furthermore to the whims of monarchs and the largesse of imperialists. So far, the combination has worked for the dictatorship. But, for how long?

12. It is useful to recall that Bhutto was overthrown with the consent of the U.S. Embassy and by the concerted effort of all the pro-American forces in the country, almost a year *before* the revolution in Afghanistan, which occurred in April 1978. Thus, recent events in Afghanistan only partly explain the expanding imperialist interest in Pakistan. Rather, the explanation for the growing American-Saudi-Pakistani connection must be sought in the overall regional context, which includes Afghanistan, but whose principal aspects are defined by the politics of Camp David on the one hand, and the revolution in Iran on the other, not to speak of the scope of the Sino-American *entente cordiale* at the present stage. Again, we cannot analyse this broad conjuncture in any great detail, but some salient features are worth summarizing.

1) Quite irrespective of its countless pitfalls, the Khomeini phenomenon constitutes a historic break in the consciousness of the Muslim world, i.e., a vast revolution with the objective of dissociating the political ideology of

Islam from its monarchical, politically reactionary, pro-imperialist, feudal grid which had been constructed/preserved as part of the colonial enterprise in our part of the world. The possible success of this revolution — as of now, neither guaranteed nor impossible — threatens every Muslim state as it is presently constituted, hence posing a direct threat to imperialism itself, whose prime strategic interests are located in the region extending from the Gulf to the East Mediterranean. This, combined with the dismantling of the entire structure of American power that was located in Iran under the Shah, constitutes the principal crisis of imperialism in our region today. While it seeks to destabilize the revolution from within through the numerous centres of power it still controls, even inside the Islamic revolution, imperialism must also construct a constellation of stable client regimes in the region for the encirclement of the revolution in case it eventually triumphs. This is the precise meaning of the growing dominance of Saudi Arabia over Pakistan on the one hand, and the reconciliation of Iraq and Saudi Arabia on the other, with Iraq already executing communists at home, striving to become the dominant naval power on the regional scale, and creating a new military apparatus in association with the Western powers.

2) Camp David, i.e., the strategic capitulation of the Egyptian ruling class to Zionism and imperialism, is a historic event in the politics of the Arab world, and the Palestinian revolution must now fight for bare survival. In the first phase, imperialism has been successful in restricting the isolation of Egypt in the Arab, Muslim and Third World movements to diplomatic postures; this formal isolation has been at best symbolic. In the phase now under way, doors must be unlocked for Egypt's re-entry into these domains; the PLO must be isolated; a constellation of countries, from Morocco to Pakistan, under the aegis of Iraq and Saudi Arabia, must be mobilized against the PLO and its allies in order to secure the flanks; within this system of like-minded states the pivot in Egypt itself must be reconstructed, militarily and economically. Indications are many: the eviction from Baghdad of large segments, especially the Left wing elements, of the PLO; the continuing economic relations between Iraq and Egypt; the evolving Saudi posture of retreat from the Rabat Summit's decision to recognize the PLO as the sole representative of the Palestinian people; the breakdown of the unity talks between Syria and Iraq, and Iraq's increasing purchases of Western military equipment, preparatory to the severance of links with the USSR, a la Egypt; the expanding U.S. bases in Egypt, and circulation of personnel and equipment between these and the bases in Saudi Arabia; the expanding involvement of Pakistani military personnel in Saudi installations, etc. The future of the so-called 'autonomy talks', between Israel and Egypt, concerning the future of the West Bank is unclear. Between the reckless expansionism of the Begin government, which is now determined to drive the Palestinian population out of the West Bank, the very considerable colonial interests which Zionist settlers have developed in the West Bank, the inability of anyone to find a bunch of Palestinians outside the PLO who could speak with some degree of credibility, and the inability of the United States to postpone further initiatives

until after the presidential elections, it is impossible to tell how successful imperialism will be in this phase of the Camp David politics. If, however, that process reaches even a modicum of success, and conditions are thus obtained for an overt counter-revolutionary military alliance between Israel, Egypt and Saudi Arabia, and if, meanwhile, the Iranian revolution manages to hold its ground, imperialism will develop a very elaborate and quite unprecedented interest in the military apparatus of Pakistan, partly to encircle the Iranian revolution, partly to draw the military perimeter around the Soviet Union, and partly to obtain the technical personnel and the manpower for the expanded military apparatuses of the Gulf region. Conversely, in case of another Iran-type upheaval in the Gulf region, Pakistani and/or Egyptian troops may well be used, under Saudi patronage, to take over oil fields, expressly in the name of Islam and regional cooperation.

3) The opening up of the military dimension in the Sino-American alliance, to the extent that the Pentagon has now completed feasibility studies recommending infusion of up to \$43 billion in military aid for the 'modernization' of the Chinese Armed Forces, opens up a prospect of an interlocking military system whereby American military interests in China, Chinese military involvement in Pakistan, Pakistani military integration into the apparatuses of the Gulf and the Middle East, and U.S. bases everywhere from Morocco to Egypt to Oman and Saudi Arabia, will come to constitute a closed global system far more comprehensive, and obviously at a much higher level of lethal weaponry, than anything the United States had built even at the zenith of the Cold War during the 1950s. India's growing normalization of relations with China on the one hand, and with the United States on the other (signalled most recently by the sale of large quantities of uranium by the United States) seems to indicate the possibility of yet another tripartite alliance in which the U.S. would of course be a senior partner; East Asia would be recognized as a sphere of Chinese influence; South Asia (including Pakistan) would be conceded to India as its own co-prosperity sphere; and ground will be prepared for the encirclement of the Soviet Union on the one hand, and Vietnam on the other. Pakistan, itself of no central significance to imperialism, figures nonetheless in each of these several configurations, thanks to (a) its geo-political location, (b) the development and domestic dominance of its military apparatus, and (c) the markedly pro-imperialist politics of every segment of its ruling class, including the segment presently organized in the People's Party.

13. These are grand designs, neither sure of success nor easy to analyse. Precise prediction cannot be the proper task of political scholarship; we can only identify potentialities and tendencies, which, in the nature of things, are always open to mutation and transformation. It must be said, in conclusion, nevertheless, that while imperialist partisanship of Zia's dictatorship has been clear from the beginning, recent events on the regional scale have had the effect of enhancing American interest in the consolidation and expansion of Pakistan's military apparatus. Imperialism is wedded to the Zia dictatorship to the extent that this dictatorship is the precise expression of that apparatus.

But imperialism must also take into account the fact that its long-range plans cannot be based on the quicksand of the world's most isolated dictatorship in one of the world's most volatile countries. That it might look for a more reliable client in Pakistan, quite possibly in another section of the Armed Forces, is possible; that the United States is looking for such an alternative, in the classic fashion of contingency planning, accounts for much of the tension that visibly exists between the regime and its patrons. On the other hand, the fact that Pakistan is becoming more important in imperialism's calculations for the 1980s increases the bargaining power of the dictatorship. Perhaps none of it will matter; perhaps the democratic forces will find a way of combining forces effectively enough to overthrow the dictatorship and to restrict the initiatives of imperialism in our country. Perhaps. Objective conditions are, at any rate, quite ripe for the growth of such a movement. But, again, the subjective factor is a different thing altogether.

Notes

1. *Pakistan Newsletter*, Vol. 1, No.5, March 1977. *Pakistan Newsletter*, the organ of the Organization of Progressive Pakistanis, has now grown into a regular bi-monthly publication, *Pakistan Progressive*. For information and subscription, write to: Box 8, Cathedral Station, New York, New York, 10025.
2. For a contrary view, see *Merip Reports*, No.58, June 1977.
3. On the political plane, the destabilization campaign was conducted by the *Pakistan National Alliance* (PNA), a coalition of nine political parties. Of these only the NDP and *Tehrik* could be considered predominantly secularist, although they too had accepted the theocratic programme of the PNA as a whole. The NDP and JUI are discussed below, in Notes 12 and 13; the *Jama'at* has been given a whole section in the text of our article itself. *The Muslim League*, a veritable political organization of semi-feudal landlords and their hangers-on, is not a religious-fundamentalist party as such, but (a) its present chief, Pir of Pagaro, is head of the biggest religious grouping in Sindh, and (b) ML is a close ally of the religious parties.
4. *Tehrik* is a peculiar construct. Initially, it was built around the maverick personality of Asghar Khan, a retired Air Marshal, who started making a bid for popular support during the anti-Ayub movement of 1968-69. Through him, *Tehrik* is connected with segments, though not necessarily the ruling faction, of the Armed Forces; his open letter, at the height of the destabilization campaign, inciting military officers to mutiny, and Bhutto's inability to do anything about it, shows the extent of the protection Asghar Khan has enjoyed. Through a number of its officials, *Tehrik* appears to be well connected with monopoly houses (e.g. Musheer Pesh Imam, a banker and advisor to monopolists), metropolitan institutions (e.g. Wazir Ali, a retired World Bank official), and plain old subversion (e.g. Nawab Bugti, the most retrograde chieftain of Baluchistan, widely believed to be on the CIA payroll). Thanks to its close

alliance with *Jāmi'at-i-Ulema-i-Pakistan* (JUP), *Tehrik* also enjoys the support of the merchant capital located in Karachi. Its liberal image, premised as it is on a predominantly secularist outlook and a populist agrarian programme, is itself owed to the fact that *Tehrik* represents segments of the urban propertied classes, and its landlordist faction is small and 'modernist' in outlook. We classify it as an ultra-Right party nonetheless, because of its connection with Karachi-based capital, with sections of the Armed Forces and with imperialism, and because of its putschist stance throughout the destabilization campaign.

5. See *Pakistan Forum*, Karachi, February 1978.
6. *Al-Fatah*, Karachi, 6 January 1980.
7. An analysis of the mass movement of 1968-69 is beyond the scope of this article. Certain contrasts between that and the so-called 'democratic movement' of 1977 are, however, quite obvious. That earlier movement was largely spontaneous; was based primarily among the enlightened segments of the petty bourgeoisie and their allied strata among workers and the urban poor; adopted 'socialism' as its ideology, counterposing it both against militarism and religious-fundamentalism; obtained the only free and fair general elections ever held in Pakistan; produced an overwhelming victory for the social democratic parties throughout Pakistan; and established the principle that Pakistan, as a multi-national state, should be a federation based upon a constitutional covenant agreed to by representatives of the various nationalities. By sharp contrast, the so-called 'Movement' of 1977 was instigated by the ultra-Right from the very outset; was based upon retrograde sections of the petty bourgeoisie and the urban lumpen elements; adopted 'Islamism' as its ideology; led to the dissolution of the federal principle and replacement of it by a highly centralized state; led also to the indefinite postponement of general elections; gave ascendancy to the ultra-Rightist parties, at the expense of the social democratic elements and without reference to the electoral process. Thus, the mere fact that large numbers of people were mobilized in both instances does not establish identity, or even commonalty, of purpose in the two events. Rather, we can say that the so-called 'Movement' of 1977 was organized with the precise purpose of annulling the gains of the mass movement of 1968-69.
8. The Left inside the PPP was itself an amorphous entity. The Marxist strain in it was best represented by men like Mairaj Muhammad Khan, who briefly served as a Minister in Bhutto's first cabinet, was then ousted and imprisoned for close to four years, losing much of his eyesight in the process. Mubashir Hasan, the Secretary-General of the PPP, an engineer by training, and Bhutto's Finance Minister for over two years, is also a self-professed Marxist. J.A. Rahim and M.A. Kasuri, a senior diplomat and a famous lawyer, who both became Ministers in Bhutto's first cabinet, can be described as elder statesmen of social democracy in Pakistan; Rahim was beaten up by PPP goons after being ousted from the cabinet. And, there were others in important places, Sheikh Rashid, etc. With the exception of Rashid, all these men were purged at various stages — though, admittedly, many new elements of the radical Left joined the PPP in later years, always on local and inter-

mediate levels. These elements later played the key role in the democratic movement which reached a high pitch between 18 September 1977, and 4 January 1978. However, the PPP could not sustain that movement precisely because the previous purges had weakened the party irrevocably.

9. Of the four provinces in Pakistan, the PPP had a negligible following in Sarhad and Baluchistan at the time when it formed the government at the Centre (December 1971). In Punjab, too, the biggest landlords — the main force of semi-feudal power in Pakistan — had stayed out of the PPP until then; later, of course, many joined. In Sindh, by contrast, some of the biggest landlords, at odds with the previous regime, had joined the PPP almost at its birth. After the provincial governments of Baluchistan and Sarhad were dismissed, most of the leading landlords in in those provinces either joined the PPP or began to cooperate closely with it. In Punjab, the shift in class base was persistent but gradual; by 1977, however, the landlords were clearly in charge of the party machine there as well. Thanks to the even more openly reactionary character of the opposition parties, most peasants in Punjab and Sindh continued to support the PPP nevertheless. This electoral support was further consolidated with the announcement of land reforms in January 1977.
10. Men, like G.M. Khar, Nawab Kureishi, Sherpao, Jatoi and Mumtaz Bhutto constituted the leadership of the landlords' group. Nawab Bugti was a close ally in Baluchistan, though he never joined the PPP formally.
11. After the *coup* of 5 July, Tikka Khan submitted an affidavit in the Supreme Court justifying and taking full responsibility for the counter-insurgency operation in Baluchistan during the Bhutto period. Bhutto's own affidavit offered no self-criticism for the Baluchistan policy, which was portrayed as a valiant attempt to defend the territorial integrity of Pakistan; if any error of judgement was involved, he said, responsibility for that should lie with the Military Intelligence, whose reports constituted the basis of the policy as such. In an unrelated development, Tikka Khan was later arrested by the military authorities, for leading a 'violent' demonstration for the release of Bhutto.
12. The *National Awami Party* (NAP) has a chequered history, which is tied, moreover, to the little-known history of the Communist Party of Pakistan (CPP). After the CPP was banned in 1951, it adopted the policy of sending its cadres in the main opposition party of that time, the Awami League (AL), to do mass work and to unite with its Left faction. The theory was that if the Left faction could become dominant in the AL, and if the AL could become the dominant party of the country, Pakistan could enter into the phase of 'national democracy', which would in turn permit the CPP to resume legal existence (and its interrupted revolutionary tasks). In the event, the AL did briefly form the government, but under the dominance of its right wing, led by Suhrawardy, and took Pakistan deeper into the imperialist orbit. Maulana Bhashani then led the Left faction, along with its communist component, out of the AL and founded NAP, which immediately became a mass party in East Pakistan but remained rather small in West Pakistan. Here, NAP was further weakened after the next split (1967-68) when

the Left Communists began to depart, along with their supporters. Thereafter, NAP became predominantly an alliance of the pro-Soviet Communists (the underground CPP) and the landlords of Sarhad and Baluchistan, while both these fractions had some bases among the petty bourgeoisie. In Baluchistan, however, NAP did become a kind of umbrella organization for the Baluch national movement as a whole, and its Marxist component there included more than the traditional CPP. After NAP was banned in 1975, it was resurrected again under the rubric of the National Democratic Party (NDP), under the leadership of Sher Baz Mazari, the most notorious landlord in Punjab; subsequently, CPP cadres were expelled from the NDP, along with their sympathizers, and most of the Baluch nationalists have refrained from joining it. Thus, in its latest reincarnation, NAP is more clearly landlordist than ever before, with a much narrower social and political base.

13. *Jami'at-ul Ulema-i-Islam* (JUI), led by Mufti Mahmud, is a regional political formation, based in some districts of Sarhad and in some elements of the Pashtun population of Baluchistan and Karachi. In its social composition, JUI represents the regional interests of the middle and rich peasantries, including their pauperized sections now located in urban areas. Its programme thus usually includes an anti-feudal nuance as well as puritanical denunciations of the monopolist bourgeoisie. In its right-wing radicalism, JUI is rather similar to some sections of the Muslim Brotherhood in Egypt. However, it has moved consistently toward the ultra-Right for some years now, especially since the elections of 1970.
14. Foreign commentators, even some very perceptive ones, seem to believe almost universally that NAP had won the elections of 1970 in Sarhad. Actually, it had polled only 18% of the vote. NAP was able to join the provincial government because of its electoral alliance with JUI.
15. In Spring 1975, for example, 35,000 workers were reportedly laid off in the textile industry alone, in the Karachi-Hyderabad zone.
16. The key weakness of these struggles was that they neither originated nor culminated — thanks to the factionalism of the organized Left — in the creation of a cohesive political party, or even a united front of workers' organizations. The actual struggles thereby remained confined to spontaneous rebellions, localism and a fundamental economism.
17. *See Report of the Land Reform Commission*, Lahore, 1959.
18. *Pakistan Economic Survey, 1975-76*, Finance Division, Government of Pakistan.
19. *Ibid.*
20. When we speak of the 'semi-feudal landlords' or, alternatively, of 'capitalization of agriculture', we are not referring to two altogether exclusive and competing sectors of the economy. Typically, capitalist inputs are used, on a part of their farms, by the same big landlords whose cultivators — sharecroppers, tenants, wagedworkers, etc. — suffer the most obvious semi-feudal relations of social and economic dependency. To put matters in a somewhat schematic fashion, we could say that the term 'semi-feudal' refers to social relations of production which facilitate the coercive appropriation of (a large part of) the direct producers'

surplus by the dominant landlord class, whereas 'capitalization of agriculture' refers mainly to the instruments of production, the expansion of the money economy and commodity production, the rise of rural credit as a major incentive for the transformation of the factors of production, etc. The 'semi-feudal' landlords still dominate the rural economy *as a whole*, although they now own only a small part of the land under cultivation. The Agricultural Census of 1972 shows, for example, that 76% of the cultivated area in Pakistan is now owned by independent proprietors with individual landholdings ranging from 5 to 50 acres. Despite these gains by the petty producers as regards the present structure of landholdings, factors which account for the dominant position of the 'semi-feudal landlords' are as much historical and social as they are economic. Moreover, the crisis of petty production (indebtedness, growing costs of production without commensurate rise in productivity, dependence on parasitic intermediaries for marketing, unfavourable terms of trade for agricultural produce, etc.) itself reinforces the dominant position of the semi-feudal landlords who establish a co-optive relationship with rich peasants and keep the small peasantry in bondage and servitude.

21. This section summarizes an argument, along with supportive data, from my recent monograph in Urdu, *Halya Bohran Ki Ma'ashi Jarein: 1977*, Punjabi Adabi Markaz, Lahore. Some statistics are taken from: *Recent Trends and Development Prospects*, a World Bank Report, No.1023 PAK, dated March 1, 1976; *Pakistan Economic Survey, 1976-77 and 1977-78*, as well as *Estimates of Foreign Assistance, 1976-77*, issued by the Finance Division, Government of Pakistan; *Banking Statistics of Pakistan, 1972-73 and Annual Report 1977*, issued by the State Bank of Pakistan; and the *Annual Report, 1973-74*, issued by the Board of Industrial Management. We must emphasize, however, that statistical analysis in the concrete reality of Pakistan is purely an academic exercise, because statistics reveal only the tip of the iceberg. Reality is much more grim and can be inferred only from unofficial accounts. To cite only one instance: it is common knowledge in Islamabad that two-thirds of the loans forwarded by the Industrial Development Bank (IDBP), the largest government institution for credit formation in the industrial sector, have already been written off as bad debts. This scope of the crisis of liquidity in the private sector, combined as it is with the inability of the state to recoup its dwindling resources, is of course indicated nowhere in the official documents.
22. *Pakistan Economic Survey, 1975-76*, pp.178-9.
23. (a) In 1972, the International Monetary Fund (IMF) forced the Bhutto Government to lift the import ban on over three hundred commodity items, as a precondition for approval of loans. The annulment of this protectionist measure, coupled with a 130% devaluation which came as part of the same package, boosted the import of foreign consumer goods and industrial raw materials at the expense of domestic products, thereby aggravating the crisis of domestic industry. (b) According to Stephen Lewis, in *Economic Policy and Industrial Growth in Pakistan* (1969), up to 76% of Pakistani manufacturing in the 1960s relied heavily on protection, and some manufactures were sold at prices as much

as 150% higher than those prevailing on the world market. With the liberalization of import policies in 1972, the bottom simply fell out of this type of manufacturing.

24. General Habibullah, a close relative of Ayub Khan and one of those representatives of the monopolistic bourgeoisie whom Bhutto had once got handcuffed for television display, reemerged immediately after the *coup* as an advisor to Zia on industrial policy. The Nawab of Hoti, the only really big semi-feudal landlord who ever managed to transform himself into a monopolistic bourgeois, came out of the woodwork to serve briefly as Minister of Education in Zia's first, quasi-civilian cabinet. The Habibs and the Saigols, the proprietors of the largest commercial banks nationalized during the Bhutto period, are known to have been negotiating with the regime for licenses to reestablish private banks. Zia himself has spoken of returning industry and commerce to the 'golden era' of the Ayub dictatorship, when monopoly houses first established their dominance over the whole of the social capital. Meanwhile, it is an open secret that elaborate plans have been drawn up already for full denationalization of taken-over industries. Those plans have not been implemented so far only because the bourgeoisie is reluctant to resume private control over the industrial plant because it is apparently uncertain about (a) political repercussions, particularly among the working class itself; (b) the ability of banks to finance the private sector on the requisite scale, considering the preexisting crisis of liquidity and the increased demands of the state upon the same banking system; and (c) the ability of the present regime to survive, and hence the long-range prospects for the policy of denationalization as such.
25. Sher Baz Mazari, President of the NDP; Pir Pagro, President of the Muslim League; and Nawab Bugti, a key figure now in *Tehrik*, are among the representatives of this reactionary and openly pro-imperialist top stratum of the landlord class.
26. The *Jama'at* is of course the characteristic political formation of this class segment, but elements of the reactionary petty bourgeoisie play a significant role in all parties of the PNA. Most significantly perhaps, this class segment predominates, in numbers and outlook, in the institutions of the state, the Armed Forces in particular. The close collaboration between the *Jama'at* and many of the leading elements in the officers' corps should be seen not as an accident, nor only as a conspiracy (although the conspiratorial aspect is not negligible), but as a structural class conjunction.
27. In Pakistan, we can speak of the bureaucratic bourgeoisie only as a class-in-formation, not as a fully realized class of a state bourgeoisie as in Nasserite Egypt or in Boumediene's Algeria. And in so far as it is not a full-blown class, it acts in conjunction with, not in fundamental opposition to, private capital.
28. Overdetermination of the state, in relation to its very weak propertied classes, is a permanent and specific feature of Pakistan. Consequently, the repressive apparatus of the state has an *inherent* tendency to strive and become its political apparatus as well. See Hamza Alavi, 'The State In Post-colonial Societies: Pakistan and Bangladesh', in

K. Gough and H. Sharma (eds.), *Imperialism and Revolution in South Asia*, Monthly Review Press, New York, 1973. Alavi makes a most valuable point in postulating that the post-colonial societies have *inherited* from colonialism a structure wherein the indigenous bourgeoisies remained relatively weak owing to the domination of metropolitan capital, but the state apparatuses (the Armed Forces, police, civil service, etc.) were relatively highly developed — over-developed in relation to the indigenous bourgeoisies — to serve the interests of the advanced metropolitan bourgeoisie. He traces the *relative autonomy* of the post-colonial state to this coincidence of a developed state structure (created, historically, by the metropolitan bourgeoisie) and an under-developed indigenous bourgeoisie who depends on, instead of creating or mastering, the state apparatuses. The point is well taken. Alavi does not discuss, in the article at any rate, the effect, on the state apparatuses and their relative autonomy within the social formation, of conflicts and crises related to the mode(s) of production — crises which are themselves carried over from the colonial era. Concretely, the relative autonomy of the state, which is an aspect of its overdetermination, stems from (i) the coincidence of *several* modes of production, and in the manner of their disarticulation, within a single social formation; (ii) the incapacity of the predominant propertied class associated with any one mode of production to *universalize* itself as the ruling class of the whole social formation; (iii) the fact that the capitalist mode is dominant but far from universal throughout the social formation, and the various pre-capitalist modes which occupy most of the economic *space* are nonetheless subservient to a *regionalized* bourgeoisie; (iv) that the bourgeoisie, which is the propertied class of the dominant mode, is nevertheless *structurally* very weak (level of accumulation, independence as a class, etc.), *spatially* regional in its make-up, and heavily dependent not only upon metropolitan capital but also upon the indigenous state for creating the conditions of capitalist production; (v) the state becomes relatively autonomous of the indigenous propertied classes also because metropolitan capital, and *its* metropolitan state, acts upon indigenous systems and forces of production primarily through the locally constituted state, which, in turn, because of its connection with the metropolitan bourgeoisie, begins to dominate the indigenous classes as an instrument of the metropolitan bourgeoisie's dominance. Alavi's basic point remains valid, however; namely, that instead of a capitalist class creating a state appropriate to its own needs, we have here the case of a state which *historically* predates the emergence of the indigenous bourgeoisie as the dominant class and which is *functionally* autonomous of the bourgeois class. Needless to add, our remarks apply only to Pakistan and no generalization is intended beyond that.

29. The regional origin and essentially kulak background of the officers' corps only partly explains the solidly reactionary outlook and conduct of Pakistan's Armed Forces. In fact, their whole genesis, rooted as it is in the colonial past, is conditioned by repressive purposes. After 'Independence' in 1947, five thousand British personnel stayed back to reorganize and prepare these Armed Forces for the neocolonial era;

two thousand were still there in 1951. Then, Pakistan signed a Bilateral Military Pact with the United States (1954), and joined SEATO (1954) and CENTO (1955 — named 'Baghdad Pact' at the time), the notorious military alliances sponsored by imperialism, headed by the United States. Thereafter, the entire elite of the officers' corps has been trained by North Americans. In turn, Pakistani troops have been used for massacring the Palestinians in Jordan as well against the Dhofar revolution, not to mention the extensive role they play in maintenance, training and even active duty (especially in the UAE) in all the oil kingdoms of the Gulf. More recently, Pakistan has come to rely heavily on these same kingdoms for military credits and 'third-party transfers' of weapons originating in the United States. This new dependency is also reflected in the political and ideological outlook of the Armed Forces.

30. Contrary to myths perpetrated by Imperialism and its local clients, the main tradition of Islam among the peasantry of Pakistan is one of heterodoxy. Orthodox, fundamentalist Islam is popular only among small sections of the peasants, mainly among Pashtun peasants. This explains why political parties of religious orthodoxy have never been able to take root among the peasants, with the exception of JUI among a section of the Pashtun peasantry — and here too, one suspects, the kulak-based populism of JUI is perhaps at least as important as its fundamentalism in religious matters. Thus, in the elections of 1970, for example, the three fundamentalist parties together polled less than 15% of the vote and obtained half that percentage of seats, primarily by petty bourgeois support. The present identification of fundamentalist Islam with military rule and with economic and social policies of the ultra-Right may well erode even this margin of support.

5. Dragon Seed: Military in the State

Bilal Hashmi

The Mesopotamian campaigns of World War I, and the strategic movements of the allies in Iraq and Persia in World War II, were made possible from the Indian base. At the present the establishment of independent states on the Indian peninsula entails a new approach to old problems. In this quarter, as on the Northwest Frontier, Pakistan has succeeded to much of India's responsibility, for the Gulf opens directly on Karachi, in a real sense its terminus. The need for fuel expands, the world contracts, and shadows lengthen from the North. Its stability can be assured only by the closest accord between the states which surround this Muslim lake, an accord undertaken by the great powers whose interests are engaged. India is no longer an obvious base for Middle Eastern defence. It stands on the fringe of the defence periphery; Pakistan on the other hand lies well within the grouping of South-western Asia...

Since 1932, when American interests first struck oil on the Manama island of Bahrain, the United States has come to be identified with this region. It is as if American concern had been enlisted just in time to share in the results of the enterprise and experience of Englishmen before they quitted the position of authority which had been held against every challenge for more than a century in India, and on India's confines. As America with her new vision joins a partner full of garnered knowledge both are faced with the imminence of Russia towering over these lands.¹

The above observations and policy recommendations were recorded in the late 1940s for the United States by Sir Olef Caroe, a member of the elite British India Civil Service (I.C.S.). It seems that since that time the American foreign policy towards Pakistan (with occasional modification) has remained the same, i.e., a continuation of neo-colonialism superimposed upon the colonial institutions established by the British. The purpose of this study is a socio-political analysis of one such institution in Pakistan — the military — while detailing the processes and historically precipitating events which seemingly have contributed to its emergence and its development.

The Antecedents of the Military in Pakistan

The Pakistan armed forces, whose total strength for the year 1979–80 is reported at 429,000 (including probably not more than 5,000 officers of the rank of captain and above) traces its history to the (British) Indian Army.² For an adequate understanding of the rise of the military institution in general and of its elite in particular, therefore, it is necessary to go back to at least 1857, when the British Crown took over the civil and military administration from the British East India Company.

The concept of military bureaucracy as a politically neutral body may be valid to a larger extent in those countries where the institutions of democracy have evolved over a longer period of time. But it is fallacious to extend the same assertion to such bureaucracies in those countries which have acquired political independence from colonial rule after the end of the Second World War. In fact, the (British) Indian Army, from its very inception, was trained to be the 'custodian of law and order' and to promote colonial interests at the cost of different indigenous and regional interests within the sub-continent. It was thus essentially in opposition to the national political interests and demands, and its organization was always subject to political considerations aimed at solidifying the imperial government interests in India. For example, it was consistently asserted by the (British) East India Company that the *esprit de corps* and efficiency of the Indian military element could be maintained only if it was organized on the bases of religious, linguistic, and regional affiliations. However, ironically and to the amazement of the Company, when these organizational principles became primarily responsible for the increased communication among the Indian troops which facilitated the development of political consciousness, and ultimately resulted in the uprising of 1857, such principles were discarded. Instead, in 1859 the imperial government recommended 'that the native army should be composed of different nationalities and castes, and as a general rule, mixed promiscuously through each regiment.'³ The heterogeneous significance of religious, linguistic and regional identities was recognized once again in 1862, when it was recommended that the Indian 'regiments may be raised locally and yet contain different classes and sects', and extreme care should be taken 'to keep within the bounds of high caste men.'⁴ The early British policy was that of divide and rule, whereby the imperial government capitalized on the already existing religious antagonism between Muslims and Hindus and between Sikhs and Hindus. Evidence to this effect can be found in a (British) Indian Army policy statement suggesting a deployment strategy for the maximum utilization of the Indian military element: 'Keep your Sikh regiments in the Punjab, and they will be ready to act against the Hindoos, keep your Hindoos out of the Punjab and they will be ready to act against the Sikhs.'⁵

With such organizational principles, the essential role of the (British) Indian Army was reduced to that of maintaining 'internal security'. This imperial government's goal of 'law and order' was effectively realized through the deployment of one regiment of predominantly one religious, linguistic,

and/or regional affiliation to another region of a predominantly different religious or linguistic affiliation. Although the (British) Indian Army contributed towards internal political stability in accordance with the interests of the imperial government, it nevertheless enhanced regional and religious antagonism among different peoples of the Indo-Pakistan subcontinent.

Apart from such policies, there were other significant structural changes introduced in the Army after the uprising of 1857, the effect of which was still being felt as late as 1947 when political power was finally transferred to India and Pakistan. One such structural change was the ratio between the British and Indian element in the Army. Whereas prior to the 1857 uprising, there were 40,000 British troops out of an army of 300,000, in 1867, the number of British troops was increased to 61,747. In order to increase the surveillance of the 'Native' troops, it was also decided by the imperial government to decrease its size to 120,000 in 1867. This ratio, of approximately one to two between the British and Indian elements, was viewed as necessary for the internal security of the (British) Indian Army as well as for the needs of law and order, and thus was retained for at least a decade after 1867. In 1878, the strength of the Army stood at 189,597 which included 6,002 British officers, 60,341 British and 123,254 Indian soldiers.⁶

Aside from such structural surveillance arrangements, communication between the Indian element and the surrounding socio-political environments was further truncated when the former was specifically alienated from the indigenous political and national culture. Thus, the major organizational principle for the Indian troops was such that 'they shall be deprived, as far as possible, of community or national sentiment and interest, and... be recruited, and constituted, as to act in time of excitement and disturbance, as a check upon the other.'⁷

The recruitment of Indian officers during 1858-1900 was minimal, and largely restricted to the most conservative segment of Indian society. Those few Indians who acquired officer rank were largely able to do so because of their political allegiance to the imperial government in opposition to the national demands. Even then, the Indian officer ranks were essentially symbolic, without the authority equivalent to that possessed by their British counterparts. According to one source, there were 2,923 'native officers' in 1900, including such ranks as 'Risaldar-Major' and 'Subedar-Major' who were made the 'honorary officers'. Risaldar-Major and Subedar-Major (which still exist in the Pakistan Army) belong to the 'non-commissioned' ranks, but after long service in the (British) Indian army and because of their background as the 'Native gentlemen of some status' these were ranked as 'honorary officers'. If these honorary ranks are excluded, by 1900, the total number of officers, including those holding such symbolic ranks as 'bodyguards' and 'Central India Horse', generally assigned to the British Viceroy and Governors, was 180.⁸ Due to the internal discontent of the Indian element in the army, along with the nationalists' demands based upon desires of the newly emerging small educated segment, the imperial government, in 1900, belatedly agreed to extend the Commission to Indians. However, this

Commission was to be extended only to the 'old aristocratic families', at first, while the essential motive behind this concession was to win their allegiance to the imperial government through 'closer and cordial ties'. Thus, the intent of this concession was blatantly political rather than in the cause of efficiency; it was specifically asserted that 'the scheme adopted should have political rather than exclusively military complexion'.⁹

Although the combatant strength of the (British) Indian Army increased from 155,000 in 1915 to 573,000 in 1918, and to 624,000 in 1920,¹⁰ it was still not possible for Indian soldiers to receive the King's Commission until the last year of World War I. The experiences of this war, which gave rise to an increase in the army's strength, the grievances of Indian soldiers who felt that they were denied the same chances of promotion as their British counterparts, and the increasing pressure of the Indian nationalists, compelled the imperial government to extend the King's Commission to Indians in 1918.

Whereas the 1918 decision made it possible for Indians to enter the Royal Military College at Sandhurst (England) as future officers of the (British) Indian Army, the selection procedure, nevertheless, was based upon nominations either by the British Governors or the Viceroy of India. This procedure was, however, changed in 1928, when the recruitment of candidates for officers' cadre was through a competitive examination followed by an elaborate oral test. Thus, from 1918 to 1928, the procedure assured the imperial government that only members of a small class of nobility and gentry would be able to acquire the King's Commission. In 1918, it was decided to select ten Indians annually for military training at Sandhurst.¹¹ Although this quota was increased to 20 in 1928, when many of the most senior officers of the Pakistan Army had their training, it was nevertheless dependent upon the number of vacancies made available by the imperial government.¹²

Induction of Indian officers into the (British) Indian Army was the result not only of post-World War I intense Indian nationalism, but also of the 'impact of the Russian revolution on the fears of the imperial government'.

Militant post-war nationalism and mass unrest resulted in extra-ordinary repression as well as a new government attitude towards reforms — the impact of the Russian revolution on the fears of the imperial government was as important as the revolution's impact on the nationalist movement. Paradoxically, the induction of Indian officers seemed to both placate moderate nationalist demands and help to build a more effective army need in those 'troubled times'.¹³

The process towards Indianization of the Army was, however, very slow. According to one source, by 1923 only 80 Indians were commissioned officers. It was suggested that complete Indianization of the Army would require over 2,000 such officers. The attainment of such a goal was considered to be essential if British interests were to be kept intact in the Indian

subcontinent. It was also the imperial government's view that the 'solution of the political problem' as far as India's self-government was concerned was dependent upon the 'solution of the army problem'. And since the Indianization of the army was slow, the imperial government, in 1924, suggested that the Indian nationalists' demands for political autonomy must wait until the army was completely Indianized.¹⁴ It is instructive to note at this point that the British government's policy during the 1920s was to develop state institutions prior to the development of genuine social foundations which may have given rise to egalitarian tendencies on the subcontinent.

The British government's justification for a slow process of Indianization of the army was the scarcity of 'leadership and soldiering' qualities in 'the Indian boy', which were, however, in abundance among 'the British gentlemen'. Thus, it was stated in 1924 that:

The love of leadership and soldiering is one of the foremost characteristics of the British public-school boy of the present day, a form of ambition which is quite absent in the average Indian boy. . . . *The young British gentleman* enters the British army for the love of soldiering, and for the love of leading men in his unit. *The Indian boy*, certainly at present, enters the army, firstly, to serve alongside British officers, whom he respects, and secondly, for the *izzat* (honour) and the privileged position which a King's commission gives him amongst his fellow Indians. (Emphasis added).¹⁵

Such disposition of the imperial government regarding Indian military aspirants, was due to the lack of opportunities made available to the Indians for upward mobility. This however, negates its own reinforced (if not necessarily created) myth of the 'martial races' of India, such as Pathans, Baluchis, Jats, Marhattas, Sikhs, and Muslims of Punjab and Gurkhas of Nepal.¹⁶ Whereas, the officer ranks remained primarily a monopoly of the British nationals, the combatant troops were primarily recruited from these so-called martial races. There was a further regional concentration within these populations which is indicated by the fact that in 1929 '54% of the total combatant troops in the Indian Army' was supplied by the Punjab. And if the Gurkhas of Nepal are excluded, the percentage of Punjab stood at 62%.¹⁷ Such a regional concentration continued even after the independence of Pakistan, with the predominance of Punjab and Northwestern Frontier Provinces, and a minimum representation from East Pakistan. Those few Indians, however, who made up the 'native officers' of the (British) Indian Army were from rural landowning backgrounds though not strictly the landowning aristocratic class. The urban educated class was not considered as adequate 'material' for recruitment. In one sense, it was a racist policy of the 'mind' versus 'body' type, where the urban educated middle class was considered to be efficient for civilian clerical functions, while the rural landowners were considered better soldiers. Thus, in 1930, the imperial government's thinking was as follows:

Broadly speaking, one may say that those races which furnish the best sepoys are emphatically not those which exhibit the greatest accomplishments of mind in examination. The Indian intellectual has, as a rule, no personal longing for an army career. . . . Whereas the most virile of the so-called martial races provide fine fighting material, other communities and areas in India do not furnish a single man for the regular army.¹⁸

In order to meet the logistical needs of the Second World War, the (British) Indian Army was considerably expanded. Because of the improvement in war technology as well as increasing nationalism in India, it became difficult to find adequate numbers of British or Indian officers to meet the needs of such an expanded army. Whereas the British were reluctant to serve because of the increasing nationalism in India, the Indian intelligentsia seemingly was also reluctant to serve as gun-fodder for their imperial rulers. Thus, regardless of the reality of sophisticated war technology, the logistical needs forced the British government to lower the educational standards for those who were politically acceptable to the army. However, the political climate of the sub-continent during the World War II was of such a national intensity that the Indian element in the (British) Indian Army could not avoid becoming a victim of two conflicting loyalties. While on the one hand, Indianization of the army was essentially a concession to the nationalists' demands, on the other, those who benefited from it were required to be the 'instruments of foreign rule and of repression against the nationalist movements'.¹⁹ For the Indian element of the army there were two possible ways to resolve this dilemma—either a rebellion against the imperial government or a total acceptance of their traditional professional role of maintaining law and order. Given the conservative background of the army, it accepted its traditional role of maintaining law and order through emphasis on 'devotion to duty' as was defined for them by the imperial government.

On 1 October 1939, the total number of Indian officers in combat sections was 396; that of British officers, 4,028. With the outbreak of World War II, a 'temporary commission' was initiated, which increased the number of Indian officers to 8,500 and of British officers to 13,500. These 'temporary commissioned officers', however, were largely returned to civilian life after the war was over. With their return, the total number of officers in the (British) Indian Army was reduced to about 2,600 at the time of transfer of power to India and Pakistan in 1947.²⁰

After Independence: The Transition

The majority of army officers at the time of independence were either British or non-Muslims, and thus were mostly not available for service in Pakistan. According to one source, only 100 Muslim officers of the rank of captain and above in the (British) Indian Army opted their services for Pak-

istan, and none of them was above the rank of colonel.²¹ According to another source, there were probably 'between 100 and 200 well trained Pakistani officers at the time of Independence'. These were the Pakistani officers along with 'approximately 500 British officers' who formed the higher military echelon of Pakistan in 1947.²² Due to the structural origin of these officers in the landowning class, along with their adherence to sometimes conflicting ideologies of feudalism and professionalism, the Pakistan Armed Forces remained largely predisposed toward maintenance of internal order, rather than becoming an institution primarily for the purpose of defence from external aggression. The former role has historical and operational legitimacy as is apparent from the imperial government's policy:

Troops were employed many times a year to prevent internal disorder and, if necessary, to quell it. . . It is, therefore, well understood in India both by the police and by the military—and, what is even more to the point, by the public at large — that the soldiers may have to be sent for.²³

On 1 July 1947, the imperial government decided that independent India and Pakistan would have operational control over armed forces by 15 August, but the administrative control was to continue under the 'Supreme Command' until the respective governments were in a position to control and maintain their own forces. This Supreme Command was headed by Field-Marshal Auchinleck, who later appointed General Lockhart and General Gracey of the (British) Indian Army as Commanders-in-Chief of India and Pakistan respectively.²⁴ In addition to such appointments, through the Supreme Command it was made possible to assign about 500 British army officers to the operationally independent Pakistan Army, of which at least 480 were still present in Pakistan in 1951 when the first Pakistani General, Ayub Khan, became the Commander-in-Chief.

Along with the establishment of the Supreme Command, a 'Joint Defence Council' was also formed, whose chief responsibility was to distribute the material assets of the (British) Indian Army between Pakistan and India. However, this 'Council' was forced to abandon its task unfinished due to India's lack of cooperation. Pakistan's resentment of this decision was described by Lord Birdwood in the following words:

It was Pakistan's bitter complaint that though the Defence Council might allocate stores and supplies to her Army, in fact orders were never translated into action. Pakistan claims that it has received less than justice in the division of military material. For this reason Pakistanis viewed the decision to close down the Supreme Command in November with dismay. They had not received their fair share, and with the abolition of a central independent authority they saw no prospect of ever doing so. Nor was the dissolution in accordance with the views of the Supreme Commander. We are reluctantly forced to the conclu-

sion that at this stage a certain lack of cooperation on the part of India was gradually undermining the effective functioning of the machinery.²⁵

This and subsequent events predisposed the Pakistan army to perennial political conflict with India which has dominated Pakistan's foreign policy since 1947.

Apart from carrying over this role of 'internal security' as discussed above, the Pakistan Army was organized and trained on essentially the same lines as was done under the (British) Army. Thus, a General Headquarters was established as a central agency responsible for the administrative affairs of the various armed services, along with the Inter-Services Selection Board responsible for the recruitment of new officers for the emerging army in Pakistan. Training institutions, such as the Pakistan Military Academy and later, the Air Force Academy, were established on essentially the same lines as at Sandhurst in England and Dehra Dun in India. New army officers continued to be recruited from the landowning class, in addition to the small urban educated middle class, not only because this was consistent with the traditional recruitment policy of the imperial government but also due to the landed aristocracy's interest in the formal political aspects of the country's life. The 'gentleman cadets' who were trained and commissioned from such academies as 'gentleman officers' were maintained in the cantonments. These cantonments were originally constructed for the (British) Indian Army and are physically as well as culturally distanced from the civilian sectors of the country. According to Alavi, this exclusiveness of the Pakistan Armed Forces, 'reinforces their professional character and role' and creates a 'sense of being a part and yet apart from the society in which they live'. This 'duality in attitudes towards society, and professionalism of the army' has created an 'ambivalence' in its attitude towards the political institutions in Pakistan.²⁶ Immediately after independence, the Pakistan Army was preoccupied with its reorganization, and as long as its privileged status in respect of pay and facilities was realized, it has little reason to oppose the policies of the conservative governments based largely in the landed aristocracy or in the civil service elite. The privileged position of the army was assured by the policies of the government circles which had class affinity with the army officers. Apparently, however, due to certain historical events, such as the communal conflicts at the time of independence, a stand-off at the first Kashmir conflict in 1948, and the stalemate with India on the issues of canal waters and evacuee property, there developed a strong 'nationalist anti-India' element in the Pakistan Armed Forces.²⁷

Having achieved a certain degree of organizational stability and the maintenance of high morale amongst the rank and file, Pakistan undertook the realistic appraisal of her situation' and its rulers were 'definitely thinking' of having 'a strong and reliable friend' on her side in Pakistan's conflict with India.²⁸ Thus, in its active pursuit of an alliance, Liaquat Ali Khan, the First Prime Minister of Pakistan, visited the United States in 1950, and in addressing the National Press Club in Washington, D.C., he said:

In a world of conflicting ideologies, the nations that have recently achieved full sovereignty are likely to be the victims of mental confusion and consequent instability. Is it not, therefore, a matter of supreme satisfaction that at least one nation amongst such nations should not suffer from such confusion and should, as a matter of tradition and belief, be pledged to clear-cut and easily intelligible principles of democracy and economic justice?²⁹

While tracing the political institutional similarities between the United States and Pakistan, Liaquat Ali Khan also explicitly stated his belief in capitalism which he considered as 'the best way of tackling the economic equilibrium, not only in our country, but everywhere in the world'.³⁰ He encouraged American entrepreneurs to invest in Pakistan. 'We welcome foreign capital subject to the participation of indigenous capital up to 51% in certain industries and 30% in others but only if indigenous capital is forthcoming within a reasonable time'.³¹

In the area of defence, the Prime Minister, referring specifically to the United States, was offering his services. 'We know that you are determined to defy aggression . . . In such a task you will find Pakistan amongst your friends.' Being preoccupied by Pakistan's conflict with India over Kashmir, Liaquat Ali Khan made it clear that his definition of aggression was limited not merely to 'communist aggression', but was a general one. He, therefore, hoped that the United States too, made no 'distinction between one aggressor and another'.³² Such a message must have been quite heartening for those American scholars and officials who 'did not find it easy to interpret the significance of what was happening or to evaluate the attitudes and actions of Indians, Iranians, or Indonesians'.³³ Pakistan's position must have further clarified the United States foreign policy thinking in the light of 'India's policy of non-alignment' with any major power or group of powers.³⁴

After the assassination of Liaquat Ali Khan in 1951, the effective and operational power in Pakistan passed to the higher echelons of civil and military bureaucracies. Thus, the office of Governor-General of Pakistan went to a senior officer of the British (Indian) Audit and Accounts Service, Ghulam Mohammed, whereas the operative control went to Iskander Mirza, a Sandhurst Military College graduate (also a member of (British) Indian Political Service), and who, in the course of time, became the first Defence Secretary and later the first President of Pakistan. Another important member of this power hierarchy was General Ayub Khan, also a Sandhurst graduate and the first Pakistani Commander-in-Chief of the Pakistan Army. With this change of power, a formal desire for military assistance was first expressed by Pakistan to Brigadier General Meyers of the United States in 1951. Pakistan had, however, 'failed to arouse sympathy in the State Department' until 1952.³⁵ The turning point in U.S.-Pakistan relations occurred when, in December 1951, the post of the United States Assistant Secretary of State for the Near East-South Asia-African region was assigned to Henry Byrode. Byrode resigned his military commission of Brigadier-General in order to occupy this post.

Byrode had 'no first-hand background of his own' about this critical region, nor had he any 'guidance from his superiors'. Because of the need of an immediate policy regarding South-Western Asia, Byrode relied heavily upon Sir Olef Caroe's thesis and had detailed discussions with Caroe during the latter's visit to Washington, D.C., in 1952.³⁶ Byrode's appointment to the State Department facilitated discussion between the higher echelon of civil and military bureaucracies in Pakistan and the Pentagon. Thus, in 1952 a very definite understanding between the two countries had been arrived at 'not only that a program would be undertaken but about what Pakistan wanted in the relatively small scale program'.³⁷

With the Eisenhower administration American thinking was given a stronger anti-communist bias. Pakistan, having already stated its anti-communist position in 1951, was one of the first countries in South Asia to become the focus of attention of the United States. Thus, John Foster Dulles visited Pakistan in May 1953, and his visit was followed by a seven-man House Armed Services Committee visit in October 1953, and one by the Deputy Chief of the United States Mission in Turkey.³⁸ In the meantime, visits were being exchanged between the higher officers of the civil and military bureaucracies of Pakistan. Thus, Iskander Mirza, the Secretary of Defence, and General Ayub Khan, the Commander-in-Chief of the Pakistan Army, visited Turkey (a NATO ally) from where they proceeded to the United States on an invitation to visit the military installations there.³⁹

While the Pentagon and the representatives of the Pakistan armed forces were engaged in expanding the 'small scale program' of 1952, the selective mass media in the United States was actively promoting favourable public opinion regarding possible benefits to the United States of the forthcoming defence alliance with Pakistan; and to achieve the success of this promotion exercise, played down India's role in international affairs. The mass media thus for the first time specifically pointed out that India had a history of 'sympathy for the Communist causes' and that its delegates in the United Nations 'stick closely' with the Russian delegates.⁴⁰ Aside from the mass media, the United States Senate was also overwhelmingly in support of a United States-Pakistan defence alliance as an important step towards the containment of Communism. For example, when Senator Knowland, then the United States Senate Majority Leader, returned from a private tour of South and South-eastern Asia in 1953, he stated that '... Pakistan has the potential of really being like Turkey ultimately, in firmly standing against Communism' and that 'Pakistan could become an ally very definitely' of the United States. Being disenchanted with India's policy of non-alignment, in 1953, he also said that India should not be considered as a spokesman for Asia because of the diversity of ideological, cultural, and religious orientations of the region.⁴¹ In 1953, therefore, the United States had 'found' in Pakistan a tough and ready ally next-door to 'neutral' India. For American public consumption Pakistan was being described as having

... a volunteer army of 300,000 ... It is not neutral but anti-com-

munist. . . Up to now the U.S. has been up against a great gap in its new global defense, a gap stretching from Turkey to the East Indies . . . As a possible ally for U.S., Pakistan displays a tempting picture of power—potential and actual.⁴²

Despite India's fears that United States military assistance to Pakistan might be used against her, the expressed anxieties of the Arab nations that such an assistance might adversely affect U.S.-Middle East-Pakistan relations, and Eisenhower's personal assurance to the Indian delegate in Washington, D.C., that the 'U.S. will be cautious on the question of military alliance with Karachi', it was disclosed in November 1953, that Pakistan and the United States had agreed to re-equip Pakistan's Army, which would cost at least \$250 million. For the United States, the proposed agreement would mean the 'existence of a friendly army of 13 divisions', and the use of bases 'closer to the heart of the Soviet Union than any' at that time.⁴³

The sequence of events finally led to the announcement of military assistance to Pakistan on 8 February 1954. Senator William J. Fulbright, of the United States Foreign Relations Committee, one of the few critics of this decision, described the alliance as an 'unfortunate mistake' in the context of already existing tensions between India and Pakistan.⁴⁴

The first U.S.-Pakistan defence treaty was finally signed at Karachi on 19 May 1954. Pakistan also became a member of the United States sponsored multilateral treaties such as South East Asia Treaty Organization (on 8 September 1954), and the Baghdad Pact (later known as Central Treaty Organization or CENTO) in early 1955. Numerous other treaties were signed between Pakistan and the United States which overwhelmed almost every aspect of the institutional fabric of the society.

Rise to Power of the Military in Pakistan

Although the Mutual Defence Assistance Agreement was signed in 1954, there were no sizable shipments to Pakistan until 1956. Since 1956, however, the United States has been the major supplier of military equipment and services under the military assistance programme (MAP).⁴⁵ There were times when Pakistan was described as the most 'allied ally' of the United States and, to the chagrin of others, one of the 'client States' of Asia. It was asserted by President Ayub Khan, in an address to the United States Congress in 1961, that Pakistan was the only country on the continent where the United States Armed Forces could land at any moment for the defence of the 'free world'.⁴⁶ American military assistance, which continued for almost 15 years, decreased considerably after the Sino-Indian conflict in 1962, and was finally terminated (at least officially) in September, 1965, during the India-Pakistan war. But having acquired a sophisticated war technology through military pacts with the United States and committed a substantial proportion of the country's financial resources to its use (see Table 5-1), the military establish-

ment began to penetrate the civilian government of Pakistan. In 1954, when effective political power was assumed by the higher civil bureaucracy, the generals found it opportune to enter the political arena openly. As one observer has noted, 'Quite symbolic of this significant change was the dismissal of the national government, the dissolution of the national parliament and appointment of a member of the Armed forces as a Minister in the new government'.⁴⁷ The new minister was none other than Ayub Khan who, in 1951, was thinking of having 'a strong and reliable friend' (in the United States, of course), and who, in coalition with the higher military officers and the Civil Service of Pakistan, frustrated the development of political democracy in 1958 by staging a *coup* and assuming dictatorial powers which lasted until the end of his rule in 1969.

The extent of military assistance to Pakistan has officially been kept secret until recently, when the Soviet intervention in Afghanistan resulted in some open offers by the United States, termed 'peanuts' by General Zia ul Haq. In the past, in the official U.S. statistics, the amount of military assistance to each country has, with the exception of Pakistan, been shown individually; military assistance to Pakistan, however, is reported under 'Near East and South Asia' regions. The totals for this region as a whole, and the recipient

Table 5.1
Defence Expenditure in Pakistan's Economy

Year	Defence Expenditure in U.S. \$ million	Defence Expenditure		
		Per capita U.S. \$	% of total govern- ment expenditure	% of GNP
1947-48	32.4	—	50	—
1950	136.8	—	51	—
1961	234.2	—	58.7	3.1
1966*	601.1	—	63.5	5.3
1969	545.0	4	55.6	3.4
1970	626.0	5	53.4	5.3
1971*	714.0	14	55.7	6.9
1972	406.0	8	59.1	7.2
1973	471.0	8	58.1	5.6
1974	575.0	6	51.0	8.4
1975	725.0	10	—	7.2
1976	806.0	11	—	5.5
1977	960.0	13	—	6.3
1978	1,050.0	14	—	5.7
1979	1,186.0	15	—	5.9

Source: The International Institute for Strategic Studies, *The Military Balance* various years, 1965-1979/80, London, 1966-80, and Hasan Askari Rizvi, *The Military and Politics in Pakistan*, Lahore, Fisco Press, 1974.

*Years of war with India or immediately after.

countries are stated, but the actual amount of military assistance to Pakistan and Saudi Arabia is regarded as 'classified information', quoted only under 'Near East and South Asia Distribution'. However, it is not difficult to see that the contributions of the United States to Pakistan's military potential have been significant. Table 5.2 shows that out of \$875.740 million of U.S. military assistance distributed between Saudi Arabia, Pakistan, India and Nepal, \$681.480 million or 77.8%, classified as 'Near East and South Asia Distribution' went exclusively to Saudi Arabia and Pakistan during 1947-60, 1962 and 1963. With the Sino-Indian conflict of 1962, when the United States saw an opportunity of extending its global strategy of 'containment of communism' through a possible alignment with India, the United States' primary interest was shifted towards India and military assistance was also extended to India. The extent of military assistance to Saudi Arabia is reported separately and thus is not included for the following years in the 'regional' distribution. No figures are available for Pakistan for the years 1967 and 1968, but there is no indication that the United States terminated military assistance to Pakistan after the Indo-Pakistan conflict of 1965.

Studying the amount of military assistance received by Saudi Arabia after 1963, figures for which are separately reported, suggests that the country's military assistance programme has been comparatively small until the late 1960s.⁴⁸ According to Jordan, Jr., the vast bulk of Near East-South Asia

Table 5.2

Military Assistance to 'Classified Countries' of the Near East and South Asia Region, 1946-60 and 1962-69 (U.S. \$ millions)

<i>Year^a</i>	<i>Near East and South Asia Distribution</i>	<i>Countries Sharing the Amount Stated in Column 2</i>
1946-1960	574.000	Pakistan, Saudi Arabia
1962	55.380	Pakistan, Saudi Arabia
1963	52.100	Pakistan, Saudi Arabia
1964	94.400	Pakistan, India, Nepal
1965	87.781	Pakistan, India, Nepal
1966	11.908	Pakistan, India, Nepal
1967	—	— — —
1968	—	— — —
1969	.171	Pakistan (\$.088); India (\$.053); Nepal (\$.030)
<i>Total</i>	<i>875.740</i>	— — —

Source: Data for 1946-1960 are taken from Alavi and Khusrro, 1970:63, and for the years 1962-1969 from United States President's Reports to Congress, Fiscal Years 1962, 1963-1969.

^a Data for 1961 are not available.

Distribution during the fiscal years 1950 to 1960 'has been given to Pakistan'. This statement has been further corroborated by the United States' own admission that 'over 90% of the military aid to the area (Near East and South Asian Countries) has gone to Pakistan, Iran, Greece and Turkey'.⁴⁹

Harrison estimates the amount of military assistance committed to Pakistan by late 1959 as \$522 millions.⁵⁰

To get a more clear idea of military assistance received by Pakistan, it would perhaps be appropriate to attempt a 'weapons analysis'. Table 5.3 shows the weapons available to Pakistan in 1965 and the country of their

Table 5.3

Weapons Available to Pakistan: Source of Supply, 1965

<i>Weapon</i>	<i>Number</i>	<i>Source</i>
9mm Sten Submachine gun	—	U.K.
.303 Bren light machine gun	—	U.K.
7.68mm Madsen machine gun	—	Denmark/Germany
.50 cal. Browning machine gun	—	U.S.
83mm rocket launcher	—	—
60mm mortar	—	—
81mm mortar	—	—
125mm artillery)		U.S.
150mm artillery)	900	U.S.
17mm artillery)		U.S.
20mm Oerlikon cannon mounted on weapons carrier	—	U.S.
90mm anti-aircraft weapon	—	U.S.
155mm self-propelled guns	—	U.S.
M-4 Sherman tank	Probably about 200	U.S.
M-24 Chaffee light tank	about 50	U.S.
M-41 Bulldog light tank	about 50	U.S.
M-47 and M-48 Patton tank	about 400	U.S.
T-33 jet trainer	at least 6	U.S.
T-37 jet trainer	at least 22	U.S.
Martin B-57 bomber (Canberra)	30	U.S.
Canberra bomber	50	U.K.
F-86 Saberjet	100	U.S.
F-104 Starfighter	50	U.S.
Light cruiser	1	U.K.
Destroyer	8	U.K.
Frigate	3	U.K.
Coastal minesweeper	8	U.S.
Patrol craft	4	U.K.
Submarine	1	U.S.

Source: United States Arms Control and Disarmament Agency, 1967:329-30.

origin. It is obvious that the United States has been primarily responsible for 'modernization' of the Pakistan military, though the contributions of the United Kingdom have also been significant. Since the 1965 Indo-Pakistan conflict, when United States military assistance was 'officially' terminated (until recently), Pakistan has also been receiving supplies from the Peoples Republic of China; compared to the U.S. contributions, however, the extent of these has been relatively small. According to an informed source, the new Chinese supplies have not altered the basic U.S. character of the bulk of Pakistan's arms, nor Pakistan's reliance on the United States for spare parts, and to a lesser extent, ammunition.⁵¹ According to a high ranking military officer in Pakistan, the impact of the United States' assistance 'has been significant and its results far reaching' at least in terms of being a 'reliable source of supply to meet present and future needs' of the country.⁵²

Although the United States has been a reliable source of military supplies for Pakistan in the past, from the latter's point of view Pakistan and other such 'allies' have essentially become the dumping grounds for obsolete or obsolescent military equipment. Quoting Brigadier-General Thomas R. Philips, a military analyst of *The St. Louis Post Dispatch*, Harrison comments:

The military aid program 'has been turned into a dumping ground for . . . getting rid of obsolete or obsolescent military equipment' when the Air Force gets military aid funds in disposing of a B-57 jet bomber to the NAP, it can apply the funds to new model aircraft. Thus, the recent decision (1959) to transfer eight B-57s to Pakistan (another installment of at least as many has been promised), each given a book-keeping value of \$864,541, meant a net credit on the Air Force books of nearly \$7 million. B-57s were expendable because the tactical Air Command recently cut down from 18 to 9 wings.⁵³

Despite all such assistance, the interests of the United States in supporting Pakistan's Army were very selective. Thus, those parts of the army in (Azad) Kashmir and East Pakistan were excluded from such assistance. Such arrangements were consistent with the overall U.S. policy in South Asia. It has been argued elsewhere that one of the major interests of the United States was to safeguard oil supplies from the Gulf for the industrial capitalist world; and this could be effectively realized if sophisticated war technology could be easily deployed in this region.⁵⁴ Kashmir and East Pakistan were obviously not strategic places for such purposes. Furthermore, as Kashmir has been a perennial source of conflict between India and Pakistan, it was not in the interest of the United States' hegemony to alienate India by assisting Pakistan's troops deployed in or near Kashmir, particularly during the Kennedy administration, when India was being approached with an increasing fervour.⁵⁵

Having supplied Pakistan with armaments, it also became essential for the United States to train Pakistani personnel to handle this equipment. The goals of such training were not, however, of a purely technical nature but political as well. In view of the key position of the military elite in the Third

World, the United States has been increasingly 'stressing the necessity for training and education in more than narrowly-military skills'.⁵⁶ This training, whether political or military, was done primarily under the United States Military Assistance Program (MAP Training). MAP has trained over 300,000 officers and other ranks, either in the United States or overseas, from over 70 countries during 1950-1971. Lefver, before the U.S. Senate Subcommittee on National Security Policies and Scientific Development, emphasized the importance of MAP training as one of the major U.S. foreign policy instruments since the end of the World War II, whose goals are:

First, our security interests, by promoting stability within and among participating states and by enhancing their capacity to defend themselves. *Second*, our larger political interests, by strengthening the bonds of mutual understanding through a person-to-person program that has introduced thousands of actual or potential foreign leaders to American life and institutions.⁵⁷

With the exception of the fiscal year 1968-69, when 60 Pakistani officers were trained under MAP, the data for other years is not available and is presumably classified. 1968-69 were the years when active military assistance to Pakistan was at least 'officially' terminated. However, given the fact that Pakistan was once identified as the most 'allied ally' of the United States, it is reasonable to conclude that probably hundreds of Pakistan's military officers and other ranks were exposed to MAP training, either in the United States or other overseas territories. As one Pakistan senior military officer wrote in 1963:

Under the aid program, a number of courses and study tours were arranged, with a view to enabling officers and other ranks to study American techniques and familiarize themselves with the American equipment. . . These courses, study tours and visits . . . were bound to have a decisive influence on the ideas of the officer corps. They soon made their impact on the thinking of Pakistani commanders and staff. In the organization of the army, American ideas influenced the planners in a number of ways. . . .⁵⁸

Thus, the military establishment in Pakistan, by the late 1950s was equipped, not only with formidable technical and material resources, but also with an ideological stance favourable to world capitalist interests. As the basic structural contradictions resulted in the political instability of Pakistan, the military took over the state apparatuses in alliance with the bureaucracy, and finally destroyed even the semblance of political democracy in Pakistan.

The official justification of the first *coup*, according to Ayub Khan, was the 'weak and irresolute governments' which had permitted 'discipline to go to pieces', and the politicians who had engaged in 'a ceaseless and bitter war against each other regardless of the ill effects on the country, just to whet

their appetite and satisfy their base motives.⁵⁹ While deploring the *coup* 'as a matter of principle' *The New York Times*, in an editorial on 12 October 1958, legitimized it in the following words:

In Pakistan both President Mirza and the Army's Head General, Ayub Khan, have stated clearly that what they propose and wish to do is to establish in due course a fine honest and democratic government. There is no reason to doubt their sincerity.⁶⁰

Such justifications do not hold water when they are understood in the proper regional political context of the time. In the background of this military takeover was the Mossadeq episode in Iran; the collapse of the Baghdad pact following the end of feudal monarchy in Iraq, and the impending general elections in Pakistan, which had increased the growing restlessness of the masses who did not favour military alliances with the West. These were the events of far reaching consequences adversely affecting the global interests of the United States. A popularly elected government in Pakistan at this juncture would have meant deterioration of the United States' position in the region.⁶¹ Thus, without denying certain elements of truth in Ayub Khan's indictment of politicians on the level of personal conduct, the primary reason for the *coup* was the overriding desire of the United States to protect its oil interests in the region, along with the maintenance of the Pakistani military's newly acquired privileges.

Once in power, the military, after a symbolic reprimand of the corrupt and inefficient public bureaucracy, collaborated with the Civil Service of Pakistan in pursuit of the effective neutralization of the traditional politicians.⁶² In its desire to create a positive public image, the military also extended its control of the mass media by creating the National Press Trust in collaboration with the leading industrialists of the country.⁶³

This is not the place to go into details of the mechanisms which facilitated the military-bureaucratic control of the Ayub regime. Suffice it to say that the symptomatic solutions introduced to solve the structural problems of an agrarian class society such as Pakistan, despite their occasional short-term successes, further contributed towards deepening its crisis. With an increasing involvement of U.S. advisers in almost every phase of the development process, the Americans had already acquired effective control of the economy and the military as early as 1960.⁶⁴ Symbolic of this process were the U-2 flights from Peshawar over the Soviet Union (and the public disclosure of such flights after Garry Powers' plane was brought down by the USSR). Such events affected the national sensibilities of the people and brought into focus the questions of Pakistan's sovereignty and the potential dangers of her alliance with the Western powers.

After a short honeymoon with Pakistan, U.S. foreign policy veered significantly towards India at the time of Sino-Indian conflict in 1962; a change that provided occasional rumblings in the Pakistani leadership: for example, Foreign Minister (Mohammed Ali), while addressing the National Assembly,

stated that 'Pakistan will not be camp-follower of any power group' and will be looking toward 'the closest ties with China'.⁶⁵

In Peking on 13 October 1962, Pakistan-China negotiations for the limited purpose of demarcating the border of Pakistan-held western Kashmir and China's Sinkiang province began. A possible treaty of friendship between the two countries was vaguely referred to in these talks. This nominal accord created doubts in the U.S. about Pakistan's 'anti-Communist' credentials. The United States' overriding desire to contain Communism, rather than to develop durable relations with an ally, became further apparent when Walter McConaughy (then U.S. Ambassador to Pakistan) asked for 'Pakistan's assurance of military standstill with India for the duration of Sino-Indian border hostilities'.⁶⁶ Western hopes for a united India-Pakistan coalition against China virtually evaporated with the Sino-Pakistani agreement. This provided the United States with a rationale for a re-appraisal of its South Asia policy, which resulted in substantial military assistance to India, thereby strengthening her position in Kashmir.⁶⁷

The provision of military assistance to India was first agreed upon at the Macmillan-Kennedy meeting at Nassau in December 1962, when the U.S. and Britain jointly agreed to provide her with around \$120 million worth of equipment. The main military assistance to India, however, came in May 1964, when the Indian Defence Minister was promised more than \$500 millions worth over the next five years by the United States, with an additional promise from Britain of \$50 million. This was a crucial development in the context of the Indo-Pakistan conflict. While commenting on these developments an American observer noted in 1964:

India — the largest single gap in the ring of alliances with which John Foster Dulles hoped to contain Communism — has therefore been closed. Maybe that is a good thing? Certainly it is for India. But its consequences may not all be good . . . In closing the gap we may have opened a Pakistani one . . . Pakistan's Eastern wing is now hopelessly inferior to India.⁶⁸

Despite Ayub's attacks on the United States for its 'opportunism' and its 'agglomeration of power' around China's periphery, with the potential risk of 'another Korea', and Bhutto's declarations that Pakistan needed to review its 'military and political commitments' in the light of the American seventh fleet patrolling the Indian ocean and airlifting arms to India, the objective realities of the time were of such a magnitude that, even if there had been a genuine desire to do so, Pakistan could not have broken away from its western alliances. Commenting on Pakistan's dilemma at the time Hangan, an American news correspondent in India in 1963, said:

Pakistan today is embittered, frustrated, vengeful. After ten years of close association with the United States, Pakistan is no nearer wresting Moslem Kashmir from Indian rule. . . As long as Ayub holds power the

country will be nominally in the western camp and even after he goes, I don't see where Pakistan can turn except to the West for the kind of massive economic underpinning it has learned to expect.⁶⁹

Pakistan, armed with U.S. military hardware (by 1965, it had already received \$1.2 billion worth of armaments and \$2.6 billion in economic assistance), entered into another war with India which, in turn was also armed by the U.S. as well as by the U.S.S.R. After the initial hostilities, the super-powers were successful in bringing about a ceasefire following the Tashkent summit. At first, Pakistan was hesitant about participating in this summit, until in a dramatic telephone call Lyndon Johnson persuaded Ayub Khan 'to go or else'.

Although the U.S. military assistance to Pakistan and India was officially terminated in 1965, the U.S. devised a strategy that would permit supply of arms to Pakistan without inflaming Indian or American public opinion. This strategy called for Pakistan to purchase American weapons from a third country, such as Italy, Turkey or Iran. Thus, according to one source, Pakistan received 80 F-86 Sabre jets from Iran in 1966, which were originally made in Canada under a U.S. license.⁷⁰

Until 1971, the military-bureaucratic rule remained unchallenged, except for a few court actions; then, a combination of events, such as increasing material inequalities and the associated development of political consciousness, increasing class contradictions, and civil war in East Pakistan temporarily put an end to the military rule. Contradictions in the claims to power by members of the military and higher Civil Service were so obvious by this time that the peasantry and the urban industrial workers could no longer be fooled. Thus, in the 1970 elections, the masses elected those candidates whose parties were promising either regional autonomy or socialist programmes. There was a complete 'rout of the Brass'.⁷¹ During elections for the National Assembly, which was also supposed to formulate a new constitution, the Pakistan People's Party (PPP) led by Mr. Bhutto won 81 seats (all in West Pakistan), and the Awami League won 160 seats (all in East Pakistan). With the Awami League holding a majority in the National Assembly (160 out of a total of 300 seats), the real possibility of a loose confederation and greater regional autonomy for East Pakistan surfaced. This was unacceptable to the power structure in West Pakistan and precipitated a serious crisis. In all fairness it must be said that it was the inept leadership of the Awami League and the PPP, combined with the role of the military generals and India's active military intervention which resulted in the civil war in East Pakistan and the ultimate dismemberment of Pakistan.⁷² Such events, however, should not be seen as the ultimate cause of the crisis, but as the logical consequences of the class nature of an agrarian society, within which contradictions were further promoted by the encouragement of rapid growth of wealthy landowning and industrial classes by the American dispensers of aid, who assured Ayub Khan that he must foster 'private enterprise'.⁷³

With the debacle of the Pakistan army at the hands of India in the 1971

war, the prestige of the military stood at its lowest ebb in the whole history of Pakistan. This enabled Mr. Bhutto, the PPP leader, to remove at least 43 top generals, admirals and air marshals from the services.⁷⁴ With the rising expectations in response to the political promises of the PPP, the peasantry and urban workers were increasingly demanding their fulfillment. These demands could not, however, be effectively met with nominal reforms, such as nationalization of selected sectors of the economy and land reforms. The PPP leader, Mr. Bhutto, now at the helm, showed reluctance to make radical departures from the past, as is evident from his perception of Pakistan's position under the changed geo-political situation in South Asia: Bhutto's position with respect to its Western alliance in 1972 was as follows:

Certainly the two alliances, CENTO and SEATO, and the bilateral pacts with the United States, remain largely valid. But politically and militarily they have become ineffective. I do not plan to make any formal changes in our own relationships. I would prefer to leave the final determination on the questions to the national assembly, especially when the Indian forces continue to occupy part of Pakistan and all of the East (Pakistan). But my personal view is that the bilateral understanding with the United States can be kept intact . . . with a clear understanding of each country's obligation. This will require meeting of minds, also some re-drafting. After all, a qualitative change has taken place in this region since the 1971 treaty signed by India and Soviet Union.⁷⁵

Although, in 1975, the United States lifted the embargo it had imposed during the East Pakistan crisis, Pakistan still did not have sufficient funds of its own to go into the market for major purchases of armaments. Its only immediate hope lay with Iran, and the U.S.-supplied arsenal in the area. In 1976, Mr. Bhutto once again approached the United States for arms. His justification for renewed military assistance was based upon the newly emerging Indian Ocean crisis, with Soviet inroads into the subcontinent, the adjacent Persian Gulf and the Red Sea area.⁷⁶ India's acquisition of a nuclear device and her increasing closeness to Moscow, combined with the secessionist movements in Pakistan provided additional justification for seeking such assistance. Due to an overwhelming commitment to Iran at this time, and the internal instability of Pakistan, the Americans remained somewhat non-committal on the question of military assistance to Pakistan until they were activated by the recent changes in Iran and Afghanistan.

In the interim, in an attempt to solve Pakistan's economic problems, Bhutto led the country deeper into new dependency relations with the oil producing nations of the Middle East, a process which had already started during Ayub's regime. Thousands of skilled and semi-skilled workers began to leave Pakistan for Saudi Arabia, Dubai, Abu Dhabi, Kuwait, Iran etc., at the expense of the country's own needs. At the same time OPEC's investment was also increasing in those sectors of the economy in Pakistan which would

hardly be called top developmental priorities. Such an apparent complementarity, whereby Pakistani labour force is employed by the Gulf states which in turn invested in Pakistan, may have modified the structures, technologies, services and skills of the country in the short run; but as Feroz Ahmed demonstrates elsewhere in this volume, such new dependency relations set limits to the economic development which prevents the skills and talents acquired by Pakistanis locally or abroad being utilized. At the same time as local living standards fail to improve, owners of the means of production look for markets abroad.

Since the downfall of Bhutto's government, and yet another military takeover in 1977, the dependency relations with the Gulf states have further enhanced their ideological and political significance for Pakistan. The present military government, with its patronage of highly organized fundamentalist religious (Islamic) parties, but lacking any significant constituency among the masses, relies heavily on the unequal dependency relations with the oil-exporting Muslim states to acquire legitimacy by proxy. In addition, recent changes in Afghanistan and Iran, are also being used by the military elite in Pakistan to legitimize their claim to power in the eyes of their Western allies. For instance, Pakistan was signalling her regional importance to the United States and its allies, by taking her Ambassador, Yakub Khan, from Washington and sending him to Moscow, presumably to demonstrate flagging confidence in the U.S. as the Shah's regime in Iran was about to fall and events in Afghanistan were leading up to the Soviet intervention.⁷⁷ Temporarily, the United States exhibited some bewilderment in the face of the events which have changed the geo-political situation, particularly in South Western Asia and the Gulf, and this enables Pakistan's military government to re-establish its legitimacy as the only dependable ally of the West. As one observer recently noted, the Pakistani regime 'has reason to welcome an event [such as the Russian presence in Afghanistan] that has reopened the apparently boundless coffers of the U.S. treasury and led the American government to discover a vital interest in the territorial outlets.'⁷⁸ Apparently the Pakistani regime is about to become confirmed in its optimism, when Carter's promises (labelled as 'peanuts' by General Zia ul Haq) are being realized to the extent of \$500 million annually for the coming five year period under the Reagan administration.⁷⁹

In conclusion, it appears that events such as the secession of East Pakistan, the 1971 war and defeat with the imprisonment of 90,000 Pakistani soldiers (finally released in 1974) by India, have considerably reduced the prestige of the military in Pakistan. However, due to the changing geo-political situation precipitated by events in Iran and Afghanistan, and the Iranian-Iraqi conflict, the dependency relations with the U.S. and the oil producing Gulf states will continue to strengthen the institutional power of the military and the bureaucracy. With its genesis in the colonial era, the military establishment in Pakistan continues to flourish under neo-colonial auspices. Sir Olef Caroe was a prophetic witness to the seed planted by the British and foresaw how it would develop in the new age of imperialism.

Notes

1. See Selig S. Harrison, 'Case History' of a Mistake; India, Pakistan and U.S., *The New Republic*, 12 August 1959; and Sir Olef Caroe, *The Wells of Power: The Oilfields of South-Western Asia* (Macmillan and Company, London, 1951) pp. ix, xviii.
2. International Institute for Strategic Studies, *The Military Balance, 1979-80* (London, 1979), p. 70.
3. C.H. Philip, *The Evolution of India and Pakistan* (Oxford University Press, 1962), p. 506.
4. Ibid., pp. 507-8.
5. Ibid., p. 508.
6. Ibid., pp. 509-13.
7. Ibid., p. 515.
8. It should not be understood from the previous discussion that no Indian possessed an officer's rank prior to 1900. A few officer ranks were honorarily awarded to Indians at the time of their retirement from active military service. Such ranks were largely of the nature of what was known as Subedar Majors or Risaldar Majors. It was also the practice of the (British) Indian Army to assign symbolic titles such as *Bahadar* to these Indian retiring officers along with certain grants of lands and other privileges including 'to be seated in the chair' when presenting themselves in the British courts. In order to win the allegiance of the Indian chiefs and princes, some of the officers' ranks were also distributed. Thus, according to one source, in 1900 there was one honorary Major-General (the Maharaja of Kashmir); two honorary Colonels (the Maharaja of Gwalior and Sir Partap Singh); one honorary Lieutenant-Colonel (the Maharaja of Kuch Bahar); five honorary Majors; one honorary Captain, and one honorary Lieutenant. For further details of this period, see Philip, *ibid.*, pp. 519-20.
9. Ibid., pp. 520-1.
10. Ibid., p. 526.
11. Indian Statutory Commission; *Report of the Indian Statutory Commission—Volume 1* (Survey CMD 3568), (His Majesty's Stationery Office, London, 1930), p. 101.
12. Ibid., p. 104.
13. Hamza Alavi, 'The Army and the Bureaucracy in Pakistan', *International Socialist Journal*, Year 3, No. 14, March-April, 1966, p. 158.
14. Philip, *op. cit.*, p. 530.
15. Ibid.
16. The myth of the so-called 'martial races' of India was essentially a mechanism created by the imperial government in order to win the allegiance of conflicting populations in India. All such martial races were either religious minorities (such as Muslims or Sikhs) or segments of certain populations who had recently migrated from the bordering states of India (such as Gurkhas of Nepal). Pathans were also indentified as one of the 'martial races' only because of their rejection of British hegemony in their tribal and traditional territories in North-western India. Pathans' resistance was partly due to the various restrictions upon their traditional caravan routes by the imperial government.

When a significant threat was posed to their traditional political and economic organizations, they had no alternative except to resist the increasing encroachment by the British. Another important factor with respect to the Pathans which made their allegiance significant for the British was the former's strategic location in the sub-continent, especially after the socialist revolution in Russia. As suggested earlier, although created by the British based upon already existing conflicts over the years this myth became an integral part of the folklore of such religious and territorial groups.

17. Indian Statutory Commission, op. cit., p.96.
18. Ibid.
19. Alavi, op. cit., pp. 159-60.
20. Lord Birdwood, *India and Pakistan: A Continent Decides* (Frederick A. Praeger, New York, 1954), pp. 154-60 and ff.
21. Khalid B. Sayeed, *The Political System in Pakistan* (Houghton-Mifflin Company, Boston, 1968), pp. 305.
22. United States Arms Control and Disarmament Agency, *The Control of Local Conflict: A Design Study on Arms Control and Limited War in the Developing Areas*, ACDA/WEC-98, volume III, 1967, p. 224.
23. Indian Statutory Commission, op. cit., p.95. The frequent use of the military for imposing law and order can be appreciated when one realizes that in a single region alone bordering Afghanistan, there were 72 British Indian expeditions during 1850-1922.
24. Birdwood, op. cit., pp. 84, 293.
25. Ibid., pp. 84-5.
26. Alavi, op. cit., p.162.
27. Ibid.
28. Fazal Muqem Khan (Major General), *The Story of the Pakistan Army* (Oxford University Press, Karachi) pp. 151-4.
29. Liaquat Ali Khan, *Pakistan: The Heart of Asia* (Speeches in the United States and Canada, May and June 1950, by the Prime Minister of Pakistan.) (Harvard University Press, Cambridge, 1950); p.16.
30. Ibid.
31. Ibid., pp. 11-12.
32. Ibid., pp. 39, 86.
33. William J. Barnds, *India, Pakistan and Great Powers* (Praeger Publishers, New York, 1972), pp. 88-9.
34. Ibid., pp. 47-8. Such was the policy statement of Nehru, India's first Prime Minister.
35. Harrison, op. cit., p. 14.
36. Ibid.
37. Ibid.
38. *New York Times*, 2 November 1955.
39. *U.S. News and World Report*, 9 October 1953.
40. *U.S. News and World Report*, 6 October 1953.
41. *U.S. News and World Report*, 3 October 1953.
42. *U.S. News and World Report*, 13 November 1953.
43. *New York Times*, 16 November 1953; 1 February 1954; and 17 November 1953.
44. Harrison, op. cit., p. 17.

45. See for example, James Spain, 'Military Assistance to Pakistan', *American Political Science Review*, Volume XLVIII, No. 3 (September) 1954, pp. 738-45; and Amos A. Jordan, Jr., *The Role of the Military in Underdeveloped Countries* (Princeton University Press, 1962), pp. 40, 208.
46. Zulfikar Ali Bhutto, *The Myth of Independence* (Oxford University Press, London, 1969), p. 1.
47. Muneer Ahmad, 'Failure of Nation-Building in Pakistan', *Pakistan Forum*, Vol. II, Number 3, 1971, p. 9.
48. Saudi Arabia's figures for the U.S. military assistance for which the information is available follow: 1964 (\$1.3 million); 1965 (\$1.474 million); 1966 (\$.799 million); 1967 (\$1.047 million); 1968 (\$.906 million); and 1969 (\$.757 million). United States President's Reports to the Congress, Military Assistance Programs for the respective fiscal years.
49. Amos A. Jordan, Jr., *Foreign Aid and Defense of South Asia*. (Frederick A. Praeger, New York, 1962) p. 209.
50. Harrison, op. cit., pp. 10-17.
51. United States Arms Control and Disarmament Agency, op. cit., p. 329.
52. Fazal Muqeem Khan, op. cit., pp. 158-9.
53. Harrison, op. cit., p. 14.
54. For an earlier formulation of the United States foreign policy toward South Western Asia in general and toward Pakistan in particular, see Caroe, op. cit.
55. Hamza Alavi and Amir Khusro, 'Pakistan: The Burden of U.S. Aid', *New University Thought* (Autumn), 1962, p. 18.
56. Jordan Jr., op. cit., p. 58.
57. See, for an incisive statement with respect to the United States foreign policies, its goals and strategies; United States Congress, *Hearing Before the Subcommittee on National Security Policies and Scientific Developments of the Committee of Foreign Affairs of House of Representatives, 91st Congress, Second Session (Military Assistance Training)*, (Government Printing Press, Washington, D.C., 1970).
58. Fazal Muqeem Khan, op. cit., p. 159.
59. S.E. Finer, 'The Man on Horseback', *The Role of the Military in Politics* (Frederick A. Praeger, New York, 1962), p. 82.
60. *New York Times*, 12 October 1958.
61. Alavi and Khusro, op. cit., pp. 23-4, and Tariq Ali, *Pakistan: Military Rule or People's Power* (William Morrow and Company, New York, 1970), p. 87.
62. See, for example, Lawrence Ziring, *The Ayub Khan Era: Politics in Pakistan*, (Syracuse University Press, 1971); Herbert Feldman, *Revolution in Pakistan, A Study of the Martial Law Administration*, (Oxford University Press, 1967); and Shahid Javed Burki, 'Twenty Years of the Civil Service in Pakistan: A Re-evaluation', *Asian Survey*, volume IX, Number 4, April 1969, pp. 239-54.
63. See 'Capitalist Take Over of the Press Trust', *Pakistan Forum*, Volume II, Number 4, 1972, pp. 11-12.
64. See Hamza Alavi, 'US Aid to Pakistan: An Evaluation', *The Economic Weekly*, Special Number, July 1963, pp. 1209-16.
65. *The New Republic*, 9 July 1962, p. 7.

66. See 'China on the March', *The New Republic*, 10 November 1962, pp.3-4.
67. See 'Kashmir Stalemate', *The New Republic*, 12 January 1963, p.8.
68. Stephen Hugh-Jones, 'India's New Military Strength', *The New Republic*, 19 December 1964, pp.12-13.
69. Hangen, 'Pakistan At Bay', *The New Republic*, 30 March 1963, pp. 13-15.
70. See 'Coming Showdown Over Arms: The U.S. India and Pakistan', *The New Republic*, 17 September 1966, pp.11-12.
71. See 'Route of the Brass', *Pakistan Forum*, Volume I, December-January 1970-71, p.9.
72. For detailed accounts of the 1970s crisis, see Hasan Askari Rizvi, *The Military and Politics in Pakistan* (Fisco Press, Lahore, 1974), pp.53-4 and is another title left out? 1960-61.
73. See Alex Campbell, 'India and Pakistan: Divided They Stand', *The New Republic*, 22 March 1969, pp.15-19.
74. Op. cit., p.252.
75. *The New York Times*, 13 February 1972.
76. Tad Szulc, 'Confrontation Politics in the Indian Ocean', *The New Republic*, 13 March 1976, pp.22-4.
77. Morton Kondracke, 'Who Lost Iran?', *The New Republic*, 18 November 1978, pp.9-12.
78. Ronald Steel, 'Afghanistan Doesn't Matter', *The New Republic*, 16 February 1980, pp.14-15.
79. See Masroor Hussain, 'The Film That Works', *Viewpoint*, 28 May 1981, p.13.

Part III: The Maintenance of Dependency

6. Pakistan in the Debt Trap

Jamil Rashid

Pakistan was established in 1947, in the name of the downtrodden Indian Muslim community. Soon after independence, the country accepted foreign economic and military aid, ostensibly to alleviate poverty and to secure its borders against outside interference. Unfortunately, after 33 years, Pakistan has remained poor, with one of the lowest *per capita* incomes and highest illiteracy rates in the world. The majority of the population is deprived of even the most basic human needs; the daily calorie intake is about 2,100 per person in Pakistan, as compared with the minimum international standard of 2,600 calories. The average Pakistani is trapped by the foreign debt, of ten billion dollars incurred since the early 1950s, and is obliged to work hard with low pay in order to pay interest.

This survey of foreign aid to Pakistan demonstrates how aid has added to the misery of the majority of the population. It has, at best, helped to create a small business-cum-industrialist class with its own vested interests. Military aid has created an elite army which has ruled the country since 1958, except for the five and a half years of the Bhutto era, from 1971 to 1977.

Aid is not a free grant — it has a high cost. Because of its debt liabilities, Pakistan will be a mortgaged country for many years to come. The Pakistani aid experience is analogous to credit buying in the Western countries. Let us say that the Western industrialized countries have issued credit cards with high monthly interest rates on unpaid balances to developing nations. The Pakistani people, through hard work, have produced many goods, and by exporting them to overseas countries, they have managed to pay their credit card instalments faithfully. Because of their good credit rating, their credit limit is increased, but at a higher interest rate, since the creditors know that Pakistani requirements have increased with the rising population and growing military expenditures. Once the country has incurred credit liability, there is no way of repaying but to take further loans, in order to at least pay the unpaid balances. There are institutions at the international level willing to give aid in order to help the creditors collect interest, and thus, a vicious circle of debt sets in.

According to the simple theory of economic development, the need for aid arises from a 'two-gap' approach.¹ A poor country such as Pakistan needs investment funds for maintaining even the existing low standard of living in

the face of increasing population growth. In a country with no foreign investment or aid, investment funds are only available from the savings of the people. If the country is poor, savings are low. The first gap arises then between investment requirements and available savings from domestic sources. With industrial development posited as the ultimate goal of economic progress, the country requires foreign machinery for technological advancement. This can be procured only if a country can export, because for a balanced foreign trade, a country can only import as much as it exports. A poor country usually has only raw materials to export, which often suffer a declining demand due to introduction of synthetic materials. Furthermore, according to basic supply theory, if more raw materials are produced for earning foreign exchange, the extra supply will lower prices. A second gap then arises between the small amount of foreign exchange available to a poor country and its need for imported foreign goods.

It follows from the 'two-gap' theory that Pakistan needs foreign exchange aid to fill the gap between import and export deficits. Of course, a simple solution to the 'two-gap' problem is to have an investment programme within one's means and to have a balanced foreign trade, where the country imports to the extent of its export capacity. China (until 1979) and a number of other countries have followed this model of self-reliance, but Pakistan has chosen the path of accepting foreign loans, disguised as 'aid'.

What is Foreign Aid?

Foreign aid is defined according to one's needs and frame of reference. Interestingly enough, the Pakistan Government has been most generous in accepting a fully inclusive definition which suits the donors admirably. In the words of Pakistani officials, 'the term international assistance or foreign economic aid, [comprises] various types of loans — including those repayable in local currency, untied loans, and loans tied by a country — money grants, commodity grants, and export credits of more than a certain duration'.² In simple terms, according to Pakistani officials, even those firms which come to Pakistan and invest in Coca-Cola or other similar products and make a 200–300% profit are also providing foreign aid to Pakistan!

A Swedish economist, Marian Radetzki, makes the following remarks regarding foreign investment treated as aid: 'If private flows (foreign investment) were included in the definition of aid, by analogy, Canada, rather than India, would be by far the largest aid recipient in absolute terms. . .'.³ Canadian industries have over 60% foreign investment, mostly from the United States. (In 1980 approximately \$70 billion of foreign investment was earning profits in Canada.) In spite of discouragements through taxation policies, foreign firms are attracted to Canada because of high profits and relatively cheap labour. The Canadians would be appalled if told that foreign private investment is aid to Canada.

The following is a more appropriate definition of aid: 'Aid equals the value

of the grant embodied in the resource transfer.⁴ In other words, if a grant is given without any condition for the return of even the principal sum (a completely free gift) then it is pure aid. In another form, if a loan is given at 2% interest, when the same money could easily bring a 5% return under similar conditions anywhere in the world, then the difference of 3% is pure aid. Nowadays, this type of aid does not exist, and in fact, Pakistan has been forced to pay much more for credit through tied loans, where prices of goods bought under the agreement are at times 100% over the free market price. For example, Pakistan pays interest at the market rate, say 6% on \$100, but because of tied aid, is obliged to buy goods from the donor country, where \$50 worth of goods are sold to Pakistan for \$100. Obviously, the Pakistani buyers are not only paying double the real price but also interest payment on the double price!

What are the different types of aid/loans available to Pakistan?

1. Grants

Nowadays, these usually are charity funds from church groups, acquired through door-to-door collections. Some administrative costs are reimbursed by governments in the donor countries. Pakistan was given some generous grants, especially by Canada, in the early 1950s. The United States also provided a free grant of wheat under the 'Food for Peace' programme, prior to Pakistan's acceptance of defence treaties with the West. The interest saved on interest-free loans can be included in this category, with the market rate of interest as the index.

2. Technical Assistance

This category includes training provided to personnel from Pakistan and other underdeveloped countries and the salaries and expenses of foreign experts who work in Pakistan. For instance, under the Colombo Plan, many Pakistanis travelled to Western countries for technical and academic training. The Ford Foundation provided funds to experts from Harvard University to set up the Pakistan Institute of Development Economics (PIDE) at Karachi. According to the Ford Foundation's annual report: 'The adviser's main task was to help Pakistani officials become fully skilled in the science, art, and organization of national planning. ...'⁵ These foreign experts often entrench themselves in the upper levels of the governments of the developing countries.

At times, the political role of these experts is questionable. During the 1970-71 Pakistani crisis, the role of the Ford Foundation was quite significant. *Outlook*, a Karachi weekly, published documentary evidence on this in its 22 July 1972 issue. Similarly, trainees who return to Pakistan are often spokesmen of the donor countries. PIDE was instrumental in preparing Five-Year Plans within the framework of Harvard University models of development. This development strategy polarized Pakistani society into a very rich elitist business-industrialist class on the one hand and the impoverished masses on the other. Z.A. Bhutto quite vehemently attacked the Harvard model of development, and a full paragraph in the Foundation Papers of the

Pakistan Peoples Party stated how his party, if elected, would change the planning strategy. However, the role of these experts did not diminish during the Bhutto era. Under the present military regime, foreign experts, particularly military advisers, have increased their role substantially.⁶

On the other side of the coin, there was Mahbubul Haq, who, after his return from Harvard, wrote his famous book, *The Strategy of Economic Planning*, in which he argued that Pakistan should not spend its money on non-productive activities such as education and social uplift. According to Haq, inequality of income distribution was acceptable because poor people consumed most of their money, while the rich saved and invested it. This type of thinking led to a strategy of keeping wages low throughout the 1960s while profits were sky-high. In the words of Mahbubul Haq, the 'growth philosophy demands that the expenditure on the provision of social services should be given less emphasis.'⁷ Ironically, he was the first economist who clearly demonstrated that the Harvard model had created the 22 families who controlled over 70% of Pakistani financial assets in one way or the other.

3. Bilateral Loans

These are agreements between Pakistan and individual donor countries, which take the form of two types of tied assistance. First, in single tying, loans are used for the purchase of the donor's goods. For instance, the United Kingdom lends \$10 million to Pakistan at 5% interest for the exclusive purchase of British goods. Double tying involves loans for specific goods. For example, the British government loans Pakistan \$10 million for the purchase of British railway coaches. Pakistani buyers have to purchase these railway coaches at British prices, even if the same type of goods is available elsewhere in the world at much lower prices. 90% of world economic aid to underdeveloped countries, including Pakistan, comes under this category.

4. Multilateral Assistance

Some of the funds for foreign aid are channelled through multilateral institutions such as the World Bank and the International Monetary Fund (IMF) by the donor countries. Although there is much talk of the World Bank contribution, in actual fact, a very small part of aid/loans is provided by the Bank.

5. Project Aid

Under this category, a donor country provides loan funds for previously approved specific projects, such as the construction of a small tool machinery complex or of Intercontinental Hotels in big cities. The main advantage for the donor country is that Pakistan has to depend permanently on it for spare parts and personnel after the completion of the project.

6. Non-Project or Commodity Aid

Mostly raw materials, machinery and accessories for existing industries are provided under the category of non-project aid. It is often linked to project

aid, but its terms can be stiffer since it is given once the project is underway and new machinery is required to complete it. At times, PL 480 and emergency aid are incorporated under this category.

PL 480: Commodity aid includes the well-known PL 480 (U.S. Public Law 480) agreement whereby surplus American wheat and cotton are sold to Pakistan under liberal terms. Although it is commonly believed that these surplus commodities are either given free or for payment in local currency, an examination of PL 480 paints a different picture.

Viewed from the perspective of the donor country, PL 480 is basically a mechanism for the export of surplus U.S. agricultural commodities through the U.S. Department of Agriculture. Under price stabilization schemes, the surplus is already paid for and has to be disposed of as efficiently as possible. PL 480 is also a costless but very effective way for the U.S. government to influence the foreign policy of the recipient country. PL 480 operates in the following manner: American farmers, through their highly mechanized agriculture, are able to produce enormous amounts of wheat, cotton and other agricultural commodities. If too much is produced, prices will go down. If the U.S. government procures this extra wheat and charges Pakistan at least \$1 per bushel for it, to be paid in local currency (Pakistani rupee), then the funds can be applied to U.S. Embassy expenditures and other activities. There will be a saving of U.S. dollars, which would have otherwise been used in Pakistan. These savings can now be given as economic aid with interest set at the market rate. Thus, a commodity which was thrown away has now turned into a valuable asset.

Over the years, PL 480 has been divided into the following programmes: 1) Title I, which makes concessionary sales to foreign governments often in local currency; 2) Title II, under which the U.S. government provides grants of food to voluntary agencies and relief groups for distribution abroad, usually in food-for-work programmes or during natural disasters; 3) Title III, under which food is provided to the recipient government as under Title I, but the loan is written off if the government uses the revenues from the sale of the food for development purposes.

The United States is able to regulate PL 480 grants and sales under different titles, according to the economic climate in the recipient country and the dictates of foreign policy. For instance, since 1967-68, up to 80% of commodity aid under PL 480 Title I, which was previously repaid in rupees, has been repaid in dollars with interest. When loans are provided for industrial development, the government of Pakistan is quite often obliged to accept PL 480 aid, even though some commodities may be in surplus in Pakistan itself. During 1972-73, when cotton was in surplus, Pakistan still imported raw cotton from the United States under the commodity aid programme.

Cooley Loans: One very interesting outcome of the rupee payment for surplus commodities is the generation of Cooley Loans. There is a huge balance of Pakistani currency in favour of the U.S. account, which is turned into U.S. funds in a very ingenious way. Under an agreement with Pakistan, Cooley loans are available to U.S. citizens, partnerships with Pakistani businessmen,

associates and corporations which have their principal place of business in the United States, with the provision that U.S. citizens will have a majority share. Pakistani firms are eligible for Cooley loans only if the loan would lead to an expansion of the market for U.S. agricultural products in Pakistan or abroad. If a Pakistan-based U.S. firm uses Cooley loans, it is quite feasible that the profits from these enterprises will be sent to the U.S. partly by way of foreign exchange through conversion. In accounting procedures, these firms will be listed as foreign, with all the privileges of tax holidays and high salary payments to their resident U.S. staff in Pakistan.

The different forms of aid make aid management a complicated affair. The donor countries achieve the best results in portfolio management, where each loan is used to counteract losses in others.

Historical Overview

The United States became a strong military power through technological developments in its arms industry. After the Second World War, it took over the West's responsibilities in two ways: firstly, Marshall plan aid managed to bring European economies into the U.S. fold, and, secondly, the U.S. assumed the colonial role of controlling Europe's former colonies. While European countries were provided with useful economic aid, the underdeveloped countries were given military aid to modernize their armies for preventing internal dissent or the intervention of any power other than the United States. Against this background aid to Pakistan started in 1950 under the Colombo Plan. From now on, U.S. economic aid was linked with the foreign policy of containing socialist countries in Northern Asia. Liaquat Ali Khan, the first Prime Minister of Pakistan, toured the U.S. and soon after his return, on 2 February 1951, Pakistan signed its first technical assistance agreement with the United States. Under this programme, Pakistani personnel were trained in the American social sciences and military system. By 27 March 1952, the World Bank, basically an instrument of American foreign economic policies, entered the picture with its first project loan of \$27.2 million to Pakistan.

The Korean War boom, caused by the high demand for Pakistani cotton and jute, produced some enterprising Pakistani industrialists, who were in the market for American and European machinery. In September 1952, the Export-Import Bank of the United States provided generous credit but, of course, at the market rate of interest. Gradually, Pakistani industrialists developed good relations with American finance houses and new commercial loans were given.

Even before 19 May 1954, when the first defence pact was signed with the United States, Pakistan was given \$250 million worth of military equipment. Under this agreement, top Pakistani military officers were sent to the United States for training. During 1954 and 1955, two new military pacts were signed, SEATO and the Baghdad Pact (later changed to CENTO), under which Iran, Turkey and Pakistan were made a part of American defence stra-

tegy in West Asia. From the perspective of the Pakistani army, these pacts were advantageous because they provided military training to aspiring officers. However, the alliance with the U.S. had a number of harmful repercussions. In terms of foreign relations, Pakistan was isolated from the progressive Arab regimes and its relationship with India deteriorated.

Moreover, most equipment provided by the U.S. and its allies was sophisticated, geared to the Western defence strategy, its maintenance was expensive. Spare parts were purchased under stringent economic conditions. Pakistan also had to spend increasing amounts of its local funds in maintaining highly paid officers.⁸ From 1955 onwards, Pakistan spent over 50% of its annual budget on defence.

In 1955, Pakistan inaugurated its First Five-Year Plan. It required investment funds for an ambitious scheme of industrial development, which domestic savings alone could not provide. To fill the gap, Pakistani planners looked toward their newly acquired allies. The United States not only came forward with generous grants but established the Pakistan Institute of Development Economics (PIDE) for training young Pakistanis in the art of economic planning according to Harvard models. During 1955-60, a number of U.S. experts came to Pakistan, including Edward Mason, Gustav Papanek and Stephen Lewis. After their return to the United States, they paid glorious tributes to the Pakistani entrepreneurs, who had made enormous profits at the expense of the peasants and factory workers of Pakistan. Papanek's book, *Pakistan's Development: Social Goals and Private Incentives*, introduced the famous phrase 'robber barons' to describe Pakistani industrialists and businessmen. The book demonstrated, without inhibition or reservation, how the Pakistani peasants were squeezed in order to create industrial tycoons.⁹

Although the First Five-Year Plan was not considered a success, it helped to lay the foundations for future economic planning. Emphasis was placed on heavy industrialization with high capital inputs, although the country had an abundance of unemployed labour and a large and fertile agricultural sector. During the Plan period, a good portion of foreign aid came in the form of grants, and private foreign investment, especially in high-profit consumer goods industries, increased. Table I provides an overview of the the twenty years' experience of aid/loans to Pakistan. The three Five-Year Plans in Pakistan's economic history were prepared and executed with the full consent and participation of American advisers.

As can be observed, there was a sudden change in grant/loan composition from the First to the Second Plan and then grants declined drastically. Keith Griffin, a British economist, could not help remarking, 'It is perhaps unfair as well as indelicate to suggest that grants decreased once Pakistan's alignment with the West, its acceptance of U.S. military aid, and its membership in SEATO and the Baghdad Pacts (CENTO) were assured — but the suspicion remains nevertheless.'¹⁰

In 1960 the Aid to Pakistan Consortium was established. Its members are: Belgium, Canada, France, Italy, Japan, the Netherlands, the United Kingdom, the United States, West Germany, the World Bank and its associates, includ-

Table 6.1
Foreign Assistance to Pakistan, 1950-75
(in million \$)

<i>Period</i>	<i>Total Assistance</i>	<i>Grants</i>	<i>Grants as a % of Total Assistance</i>
Pre-First Plan	337	216	64
First Plan (1955-60)	1,073	578	54
Second Plan (1960-65)	2,757	1,105	40
Third Plan (1965-70)	2,746	704	26
1970-75	3,994	375	9
<i>Total assistance 1950-75</i>	<i>10,907</i>	<i>2,978</i>	<i>27</i>

Source: Pakistan Economic Survey 1978-79, Government of Pakistan Finance Division, Islamabad, p.146.

ing the International Development Association (IDA). The Consortium was basically created to minimize competition among the big loan givers and to maximize their benefits from high interest rates determined under a common policy. It wields a lot of power in Pakistan; in fact, the whole economic policy of the country is directed towards satisfying its members.

Aid from the Soviet Union and China started in the early 1960s. These countries emphasized public sector expenditure, i.e. oil exploration or the development of the National Steel Corporation. The first loan from the U.S.S.R. of \$30 million was for oil exploration. China gave a credit of \$60 million in 1965, followed by another of \$6.9 million, with no interest, which was to be repaid in Pakistani commodities. Denmark and Canada were also generous in extending grants and soft-term loans, prior to the commencement of the Consortium arrangement.

From 1965 onwards, Pakistan managed to get more aid in absolute terms, but under hardened conditions. It was now caught in a vicious cycle in which previous project aid had to be maintained with new inflows of aid at a high rate of interest. Since 1972, even yearly budgetary requirements are met in part by outside resources and the Pakistani economy is surviving on a year-to-year basis.

Thus, there are three clear periods in Pakistan's history of foreign aid: (1) 1950-55, when Pakistan procured grants; (2) 1955-60, when Pakistan was awarded increased loans but reduced grants; (3) 1960-65, when large loans with high interest rates and increasingly harsh conditions completely mortgaged the country. The country's pressing economic difficulties are the result of this enormous indebtedness. Heavy dependence on foreign economic aid has led not only to the exclusive development of an industrialist class, but also to regional disparities which eventually split the nation. There is now a new dependence on the Arab oil-rich countries for procuring loans

Table 6.2

Total aid (Free Grants) and Loans (Interest Attached) Contracted by the Pakistan Government, 1947-75 (in \$ million)

	1947-55				
<i>Countries or Agencies</i>	<i>Pre-1st Plan</i>	<i>1st Plan 1955-60</i>	<i>2nd Plan 1960-65</i>	<i>3rd Plan 1965-70</i>	<i>1970-75 Total Yearly Figures</i>
<i>Pakistan Aid Consortium</i>					
<i>(including some U.N. agencies)</i>					
Grants	207.8	566.9	573.1	331.6	279.8
Loans/credits					
Consortium less U.S.	28.0	81.5	436.3	706.2	789.4
U.S. repayable in \$	15.0	3.6	654.3	819.4	571.7
U.S. repayable in Rs.	20.0	275.8	245.7	191.1	Nil
Financial institutions under U.S. control:					
IBRD, IDA and IFC	58.2	93.4	399.2	361.1	586.2
<i>Non-Consortium sources</i>					
Grants					
— Australia	7.7	11.2	6.1	4.1	0.1
China	—	—	60.0	46.3	—
Islamic Countries	—	—	—	—	7.2
Loans/credits					
Mainly socialist countries, Austria and Denmark.	—	—	69.6	155.2	748.5 ¹
— China	—	—	—	—	217.4 ²
Islamic countries	—	—	—	—	992.641 ³
<i>Indus-Tarbela development</i>					
— Funds provided mainly by Canada, Australia, India, U.K. New Zealand and U.S.	—	—	887.1	—	32.0
<i>Total grants assistance</i>	215.6	578.1	1,105.2	703.9	375.1
<i>Total loans/credits</i>	121.2	496.6	1,805.1	2,233.4	3,618.6
<i>Total grants & loans⁴</i>	336.8	1,074.7	2,910.3	2,937.3	3,993.7
<i>Grand total of grants/loans to Pakistan, 1947-75. . . . \$11.3</i>					

1. Includes loan of \$493.3 million by U.S.S.R.

2. China is separated from socialist countries only for convenience, as previously grants were shown separately.

3. Includes \$618 million by Iran.

4. Totals may not be exact because of rounding figures and some unlisted small loans/grants.

Source: *Pakistan Statistical Year Book, 1974*; also adapted from *Pakistan Economic Survey, 1978-79*, Islamabad, Government of Pakistan, Finance Division. Breakdown is given up to 1975 because there is a time lag for accuracy, as aid promised usually takes 3 to 5 years to be actually disbursed.

and grants whenever possible.¹¹

Debt Services

The current aid diplomacy of the Pakistani rulers involves convincing past donors that aid is necessary, not for any new development, but to pay the debt services incurred on old loans. Although the export earnings of Pakistan have improved, the import bill has increased at a faster rate. There is no sign of an end to aid dependency. Pakistan has contracted over \$14 billion in grant/loan assistance since independence. Table 6.2 provides the background on the donor countries and types of loans provided to Pakistan over the years. Table 6.6 further shows that the U.S. and the financial institutions under its control gave the majority of loans and usually under strict conditions and at high interest rates. Although the Table ends in December 1975, the proceeding years tell a similar story. Except for several loans which were contracted in former East Pakistan and were later turned into grants, over \$2 billion was added to Pakistan's debt burden. After a regular payment of debts and debt services, Pakistan still owed \$9.2 billion in net debts to the world community on 30 June 1978.

Debt services include yearly partial payment of the principal borrowed and interest on the remaining balance. In the early years, a large portion of debt services consisted of interest payments. However, whenever there was a moratorium on the payment of debt services, due to wars or internal calamities, the interest liability increased because the unpaid interest became a part of aid, and the donors charged interest on this aid. Thus, interest was effectively charged on interest!

A very alarming factor is the rising ratio of debt services to export earn-

Table 6.3
Pakistan's Debt Service Ratio, 1960-78 (\$ million)

<i>Period</i>	<i>Debt Service</i>	<i>Export Earnings¹</i>	<i>Debt Service Ratio to E.E. %</i>
1960-65 (2nd Plan)	219	2,298	9.5
1965-70 (3rd Plan)	612	3,155	19.4 ²
1970-75	948	4,276	22.2
1975-78	1,202	3,588	33.5

1. For commodity export.
2. Although the average for the 3rd Five-Year Plan is 19.4%, in 1968-69 the ratio was 23.3% and in 1969-70, 25.8%. During the 1970s, it never fell below 20% in any individual year.

Source: Pakistan Economic Surveys (1960-79), Government of Pakistan, Finance Division, Islamabad.

ings. International economists usually assume that a 20% debt service ratio to export earnings is quite dangerous. From 1966 onwards, Pakistan passed that mark nearly every year. It was the foreign remittances of overseas Pakistani workers which saved the country from total bankruptcy.¹² Table 6.3 shows the amount of debt services paid up to December 1978 and the average debt ratios from 1960 to 1978. It should be noted that Pakistan has already paid nearly \$3 billion in debt services (principal and interest) as of 1978.

Another problem arises from the technicalities of gross disbursements and the actual flow of aid. According to the *Economic Survey* of 1974-75, an increasingly higher percentage of gross aid had to be returned to the lending countries and international financial institutions in the form of principal and interest dues. During the Second Plan, gross disbursements of foreign assistance amounted to \$2,393 million, while the aggregate debt services payment was \$219 million. The net amount of resources transferred from abroad represented 90% of the gross inflow for the full five years. During the Third Plan, the net resource transfer was reduced to 80%. Between 1970 and 1978, the net transfer further diminished to around 65% (see Table 6.4). By 1980, yearly debt services were around \$700 million.

If an individual year is considered, in 1972-73 the net inflow of foreign aid was as low as 46% and in 1973-74 around 60%.

Table 6.4
Pakistan: Net Inflow of Aid, 1970-78 (\$ million)

	1970-75	1975-78
Gross disbursement	2,892	2,881
Debt service	953	1,002
Net transfer of aid/loans	1,939	1,879
Net transfers as % of gross disbursement	67.7%	65.2%

Source: *Pakistan Economic Surveys* (Islamabad; 1970-79) Government of Pakistan, Finance Division, 1970-79.

Another way of viewing debt services is to measure the burden on the average person caused by high interest payments without an actual flow of goods. Debt services are paid in foreign currencies from export earnings. Initially, exports generate income at home, but they also entail a sacrifice from the people, because they cannot consume those goods which are exported. For example, in recent years Pakistani vegetables and meat have been exported to the Middle East. If a country is rich enough, export earnings will buy domestic or imported goods. However, in Pakistan, export earnings are either used to finance interest payments on foreign aid and loans, or to pay higher prices for those items which are in demand but not available because they are exported or not manufactured in the country. The import of these goods is

often hampered by foreign exchange difficulties.

Thus the debt trap is in fact a vicious spiral: a country needs aid because of high import requirements and balance of payment difficulties. Its balance of payments deteriorates because of high import costs and expensive tied loans; the country then needs more and more aid, and more aid means higher debt services, with higher interest rates for new loans. Because of higher debt services, the country needs even more aid!

Tied Aid

The mechanism of high import prices works in two ways: first, the inflationary prices of Western countries automatically increase the requirement for loans in order to meet the import bill. Second, with tied aid, prices are usually higher than in the competitive world market. Table 6.5 shows the price differential between goods purchased under restrictive tied-aid agreements and purchased elsewhere on the open market.

Table 6.5

Instances of Higher Prices Paid by Pakistan under Tied Aid

<i>Project/Items Imported</i>	<i>Lowest Price from Tied Source</i>	<i>Lowest Price from Elsewhere</i>	<i>% Difference of Over- payment</i>
1. Billets (steel)	\$172.22 (USA)	\$91.98 (Sweden)	87
2. Wheel & axle assemblies (price per assembly)	\$794.10 (USA)	\$308.70 (Japan)	157
3. Hard board industries	Complete plant from Japan — tied credit for the whole pro- ject	Germany offered lowest price	123
4. Pakistan Western Rail- ways imported 18 loco- motives (had to be ship- ped in U.S. ships)	\$14,500 freight charges paid, per locomotive	\$6,800 per loco- motive (Norwegian ships)	113

Source: Extracted from: M. Haq, 'Tied Credits — A Quantitative Analysis', in Adler and Kuznets (eds.), *Capital Movement and Economic Development* (New York, 1967).

The burden of tied aid is twofold: first, the tied loan obliges Pakistan to import from the donor country, usually at high interest rates; and second, in every instance the price under tied credits is higher and so the country is obliged to pay interest on higher prices. Table 6.5 shows, for example, how

Pakistan was obliged to pay interest on freight charges of \$14,500 per locomotive shipped by a U.S. company instead of the possible alternative of \$6,800 per locomotive charged by a Norwegian shipping firm.

According to Mahbubul Haq, it is difficult to arrive at an overall quantitative judgement as to the amount Pakistan could have saved by buying on the international market instead of through all the tied foreign credits that it obtained. By his own calculation, which he admits is a low estimate, Mahbubul Haq found that Pakistan could have saved, at the minimum, \$60 million if a \$500 million loan was given without 'tied' conditions.¹³

Clearly the long-term consequences of tied aid are serious. Some of the major problems of tied loans are as follows:

(a) Because tied loans raise the cost of imports, the gap between export earnings and import payments has been increasing in Pakistan. Furthermore, the terms of trade have worsened over the years. Pakistan buys the same quantity of goods at higher prices, while it sells larger quantities of goods at lower prices. As import bills are usually higher than total export earnings, worsening terms of trade increase debt liabilities each year without a corresponding greater inflow of goods.

(b) Under tied loans, machinery is imported from a specific country, and future spare parts have to come from the same donor country. The cost of these parts increases with time, so that in order to maintain existing projects, Pakistan has to increase its debt liabilities.

(c) As time goes on, past loans will mature and debt repayment obligations will also increase. If these loans are not paid upon maturity, the unpaid balance is added to the principal, new, usually higher interest rates are charged, and consequently the debt burden increases.

In spite of these heavy costs to Pakistan, the economic planners, including Mahbubul Haq, never really challenged the aid system except to complain occasionally that the donor countries were exploiting Pakistan unjustly. John White, a British economist who justified the benefits of aid to Pakistan and other underdeveloped countries, confessed that, after all, foreign loans have trapped a number of underdeveloped countries in a vicious cycle of debt.¹⁴

The Real Value of Aid

The real value of aid at the world level has been steadily declining. According to Radetsk, in 1968 the real value of disbursed aid at the world level was 59% of the given figure of \$8.2 billion, so that in effect its real value was about \$4.8 billion. By 1970, the real value had decreased to 55% of the \$10.1 billion of economic aid slated for that year, so that the real value was about \$5.6 billion.

Irving Brecher and S.A. Abbas calculated the real value of aid to Pakistan using a similar methodology, and found that the real value was about 60% of aid given in 1967.¹⁵ Since then, the climate has changed dramatically against Pakistan, and so the percentage is now below 60%.

The nature of the debt trap is also revealed through the percentage of interest paid to donors, as in Table 6.6. If anything, the calculations in the Table are on the conservative side:

The table demonstrates the extent to which high interest rates increased the total liabilities of Pakistan. In 1965, Pakistan had to pay 62.3% interest as percentage of principal to the United Kingdom, 52% to the Netherlands, and 41% to West Germany. Once again, it should be noted that the situation has worsened since then, and the figures for interest as percentage of principal have risen dramatically. Over the years, Pakistan has had to frequently re-schedule its interest payments, which then became part of the unpaid balance for the following years. Thus, again interest was charged on interest.

Table 6.6

Foreign Loans to Pakistan up to June 1965—Selected Countries (millions Rs.)

<i>Country/Agency</i>	<i>No. of Loans</i>	<i>Principal Repayable</i>	<i>Interest Payable</i>	<i>Amount</i>	<i>Interest as % of Principal</i>
France	26	119.8	28.9	148.7	24.12
Japan	9	741.9	292.7	1,034.6	39.45
Netherlands	7	72.3	37.6	109.9	52.00
United Kingdom	14	737.1	459.3	1,196.4	62.31
West Germany	45	961.7	394.3	1,356.0	41.00
United States AID	38	337.7	885.5	4,262.5	26.22
IBRD	19	1,429.2	716.3	2,145.5	50.12

Source: External Debt Servicing Liability, State Bank of Pakistan, Karachi, 1965.

The Donor Countries

The terms and conditions of foreign loans vary for each country, according to its domestic economic conditions and foreign policy priorities.¹⁶ While Canada, China and Denmark have been quite generous, the terms of the United Kingdom, West Germany and the United States have varied from being mildly generous to extremely hard.

Canada has been quite generous in its commitments of aid and loans to Pakistan. Until 1960, it provided grants in the form of project assistance; technical assistance and commodity aid averaged about \$12 million each year and were also given in the form of grants. However, after the inception of the Aid to Pakistan Consortium, Canada was obliged to have a uniform loan policy, and as a result Pakistan incurred interest liabilities on new loans.

The United States has provided the largest volume of economic and military assistance. Over 50% of Pakistan's total liabilities, as they stand today, are owed to the U.S. With such a large sum, the U.S. can afford to spread out the risk, and indeed some of its loans are on soft terms. However, a large

amount of interest is procured from hard-term loans, especially since 1971, when rupee liabilities were turned into dollar payments. It is important to remember that the U.S. also provides multilateral aid through the World Bank and other international financial institutions. The loans from these agencies vary from soft-term to the hardest conditions possible.

The terms of PL 480 agreements have increasingly turned against Pakistan. Commodity assistance under PL 480 is now exclusively paid in dollars instead of local currency as in earlier periods.

Under the so-called Green Revolution, Pakistan increased its wheat production, and at one time, it was even claimed that the country was self-sufficient in wheat. However, wheat was still imported under PL 480 at rising prices: the price of wheat increased two and a half times between 1971-72 and 1974-75. Moreover, Pakistan had to pay for the wheat in dollars, at rising interest rates. Ironically, under PL 480 Pakistan was also obliged to accept surplus cotton from the U.S. which further dampened Pakistani cotton prices, already low because of the country's cotton surplus, especially in the after-math of the separation of East Bengal. Table 6.7 demonstrates how wheat and cotton imports under PL 480 increased Pakistan's debt liabilities to the U.S.

Table 6.7

Pakistan Commodity Assistance Under PL 480 (Value in U.S. \$ million)

	1969-70		1970-71		1971-72		1974-75	
Commodity/Unit	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Wheat (lakh tons)	10.1	52.1	7.2	42.7	11.0	66.8	4.00	63.156
Cotton (000 bales)	10.0	2.2	9.7	2.3	11.0	2.9	-	-

Source: *Pakistan Economic Survey, 1974-75*, Islamabad: Government of Pakistan, Finance Division.

Beset by its own economic problems, Britain has pursued an aid policy dominated by commercial interests. A large portion of its aid has been tied or double-tied, with provisions favouring exports from those industries experiencing difficulty at home. It is hard to cite one instance where the U.K. provided a totally free grant to Pakistan. In fact, Britain is the only country with a well-developed and commercially-oriented Ministry of Overseas Development whose main task is to regulate the economic policy of British aid to the Commonwealth countries and other underdeveloped regions.

The French programme for foreign assistance to Pakistan started in 1957. Most of the aid comes in the form of export credits, with a very short-term duration — from a few months to two years — and at high interest rates. The French are not very different from the British, except that their overseas aid programme is not as developed and the relationship between France and her former colonies is of a different nature than that of the British Commonwealth.

West Germany is an interesting case. It has a large balance of payments surplus because of high export earnings. These surpluses are now used for loan purposes, which ironically cause more trouble to the West German economy because the eventual repayment of loans at high interest rates increases its foreign surplus and puts pressure on the Deutschmark. Its aid to Pakistan commenced in 1960–61 after the establishment of the Pakistan Consortium. Most of it is on a bilateral basis with tied loans. Grants are negligible, and terms are fairly harsh. For instance, export credits are repayable over a maximum of 10 years and bear an interest of 6%. A number of Pakistani industrialists overused German credits in the lavish import of machinery, regardless of its utility in the labour-abundant economy.

Chinese aid is on a barter basis and no foreign exchange is involved. Pakistan pays no interest, and the principal is repaid in goods instead of foreign currency. China has been quite generous in its terms. The repayment period is long and price negotiations are undertaken at the government level, instead of through private firms who often exploit Pakistani businessmen by overpricing, as in the case of many other barter agreements.

The USSR and the Eastern European countries operate through barter agreements. However, the USSR has given loans for oil exploration and the Karachi Steel Mills on favourable conditions.

The Muslim Countries

Since the oil boom, the Muslim countries have increased their economic aid to Pakistan. In the past, Kuwait provided some short-term, interest-free loans towards meeting the balance-of-payment problems of Pakistan, but since 1973–74, new nations have emerged in the aid picture. The OPEC Fund was established for helping developing nations, and Pakistan has received some aid from it. Table 6.8 provides an up-to-date picture of the grants/aid/loans from the Muslim countries to Pakistan.

Iran is the major donor, providing nearly 55% of the total loans and credits. The major aid agreement with Iran was concluded on 12 June 1974 for \$580 million, to be disbursed in three instalments of \$250, \$180 and \$150 million over the years 1974–75, 1975–76 and 1976–77. By the end of 1977, the whole sum promised was utilized.

Iran's interest in Pakistan stems from the political situation in the region. Baluchistan especially has a special significance for Iran. Iranian Baluchistan, like Pakistani Baluchistan, is the poorest region in the country. Pakistani Baluchistan has a long shoreline facing the Indian Ocean; the Western countries have repeatedly made it clear that the area is of vital strategic importance. The Shah, a protégé of the United States and its allies, warned that any disturbance on the border between the two Baluchistans would be a matter of grave concern. Accordingly, most of the aid under the Shah's regime was earmarked for Baluchistan, and a large number of joint ventures were undertaken within the region, with equity participation. In order to keep Pakistani regimes in line, the Shah made sure that aid and loans were given for only short periods of time. Thus, the amortization period of an Iranian loan of

\$580 million was eight years which meant Pakistan had to return the borrowed money within a short time, unless another agreement was reached with extra conditions attached, according to the political climate of the time. After the Shah was overthrown, an alternative had to be found. Saudi Arabia seems to have assumed the Shah's role in the area. Once again a country linked with the United States has become the champion of conservative, theocratic regimes of the Muslim world.

Table 6.8

Grants and Loans from Muslim Countries to Pakistan 1973-79 (\$ million)

<i>Country</i>	<i>Total Grants</i>	<i>Loan/Credits</i>
Iran	7.9	641.2
Saudi Arabia	79.0	130.7
U.A.E.	2.0	—
Abu Dhabi	0	153.0
Kuwait	0	69.0
Libya	0	80.0
Qatar	0	10.0
OPEC Fund	0	45.4
Islamic Development Bank	0	36.1
<i>Grand total for Muslim countries</i>	<i>88.9</i>	<i>1,165.4</i>
Iran's share	8.8%	55%

Source: Pakistan Economic Survey, 1978-79, Islamabad: Government of Pakistan, Finance Division.

From the above table two important points should be noted. First, it is a myth that the Muslim countries have provided large sums to Pakistan as grants or at no interest rate. Up to now, only \$88.9 million was given as grants, while \$1.1 billion came as loan/credits. Out of this total, approximately 55% came from Iran under the geopolitical policy of the Shah. Second, Saudi Arabia, commonly accepted as the closest Muslim ally of Pakistan, provided only \$130.7 million in loans for specific projects with equity participation, which earned profits so that no interest rate was charged. The rest of the Muslim countries, including Libya, provided aid only under the loan/credit system, charging interest where applicable or demanding equity participation with profit sharing. Abu Dhabi, a small nation, has some institutional links with Pakistani banks, and thus the amount of its loans is fairly large in relation to the size of the country.

Future Prospects

If Pakistan continues to depend on foreign aid and loans for the economic development of the country, then the future looks bleak. Lauded in the 1960s as a model of rapid economic growth, Pakistan now provides a model of a country deeply trapped in debt, with limited prospects of getting out. Pakistan's debt burden grows more serious every year. It was once glamorous to see new machinery imported, new buildings constructed and a few bright students going abroad under aid programmes, but Pakistan has to pay a heavy price for these short-term gains. As many more debts mature in the 1980s, short-term credits will be necessary to get short-term relief from the payment of large sums.

In the immediate future, the majority of the people in Pakistan will suffer — they will be asked to produce more, consume less and export large quantities of goods at increasingly unfavourable terms of trade. Unemployment will increase, and a number of trained people will leave the country. We have already reached the point where the daily foods of the poor people, the pulses and rice which are essential for survival, are exported in order to earn foreign exchange for paying debt liabilities. Over the past five years, the foreign remittances of Pakistanis overseas have become the major source of foreign exchange earnings.¹⁷ Consequently, manpower export is at the core of the government's financial strategy and the Pakistani rulers are concentrating on pushing out the country's brightest and most highly skilled personnel.

Options for Pakistan

What options does Pakistan have for breaking free of the debt trap? The first scenario involves a phenomenal increase in export earnings, at the same time that debt services are paid regularly and new debts are not incurred. Given Pakistan's current economic situation, this scenario is highly unlikely.

Secondly, imports would have to be drastically reduced. Ironically, the World Bank, the IMF and donor countries insist on an import policy in which Pakistani businessmen can import any goods from overseas under a loan and credit system. Consequently, the liberal commercial policy imposed under imperialist pressure has continuously increased the country's import bill without a corresponding increase in export earnings.

Thirdly, foreign aid could be turned into pure grants. This seems highly improbable as the imperialist countries are currently in great economic difficulties. Especially during recessions, a feature of matured capitalism, they use economic leverage against the underdeveloped countries who are obliged to buy extra goods from the aid donors.

Lastly, foreign debts could be repudiated. This means self-reliance and a notice to the aid donors that Pakistan has the will to develop by itself. Although self-reliance would mean suffering for a while, especially for the high officials and industrialists who are used to easy money, in the long run, the majority of the people would benefit. Self-reliance is in fact the only long-term solution to Pakistan's debt problem, but it requires the political will to

stand up to the imperialist powers and to fundamentally restructure the country's economy. Under the present conditions, where imperialist countries, and other trained military—bureaucratic officers dominate the lives of Pakistanis, there will be a long struggle, for many years to come, to achieve this goal.

Notes

1. Marian Radetzki, *Aid and Development—A Handbook for Small Donors* (New York: Praeger, 1973).
2. *Pakistan Year Book, 1971* (Karachi: National Publishing House) (ed. Rafe uz Zaman), pp.387–88.
3. Radetzki, op. cit., p.13.
4. Radetzki, op. cit., p.3.
5. *Design For Pakistan – A Report on Assistance to the Pakistan Planning Commission by the Ford Foundation and Harvard University* (New York: Ford Foundation, 1965), p.1.
6. After the takeover of the government in Afghanistan by a Marxist-oriented party, the United States has again turned to Pakistan for reactivating the 1959 Defence Treaty, under which military advisers are sent to Pakistan for safeguarding the interests of the U.S. and its allies in the Gulf and Indian Ocean.
7. Mahbubul Haq, *The Strategy of Economic Planning – A Case Study of Pakistan* (Karachi: Oxford University Press, 1963), p.35.
8. Hamza Alavi and Amir Khusro, 'Pakistan: the burden of U.S. aid', in Robert Rhodes (ed), *Imperialism and Underdevelopment* (New York: Monthly Review Press, 1970).
9. Gustav F. Papanek, *Pakistan's Development – Social Goals and Private Incentives* (Cambridge and Karachi: Harvard and Oxford University Press, 1968). See especially Chapter VII, 'Squeezing the peasant', pp. 184–225.
10. Keith Griffin, 'Financing development plans in Pakistan', *Pakistan Development Review*, (Karachi quarterly journal) Vol.5, No.4, Winter 1965, p.614.
11. Feroz Ahmed, 'The new dependence', in Part III of this work.
12. Jamil Rashid, 'The political economy of manpower export', in Part III of this work.
13. Mahbubul Haq, 'Tied credits – a quantitative analysis', in T.H. Adler and P.W. Kuznets (eds.), *Capital Movement and Economic Development* (Mcmillan, London, 1967).
14. John White, *The Politics of Foreign Aid* (London: Bodley Head, 1974).
15. Irving Brecher and S.A. Abbas, *Foreign Aid and Industrial Development in Pakistan* (Cambridge University Press, 1975).
16. Cheryl Payer, *The Debt Trap: The IMF and the Third World* (Harmondsworth: Penguin Books, 1974). See also Teresa Hayter, *Aid As Imperialism* (Harmondsworth: Penguin Books, 1971).
17. J. Rashid, op. cit.

7. The New Dependence

Feroz Ahmed

No single factor has contributed more to the recent demand for a fundamental restructuring of international economic relations than the drastic increase in international oil prices. This has not only set a precedent and provided a fillip to the exporters of other raw materials to organize collective actions for obtaining fair prices for their products, but, because of its financial consequences, the world has been left with no other alternative than to alter radically the entire international price structure and terms of trade.

These developments have necessitated considerable debate and discussion on various aspects and ramifications of the swiftly changing balance of payments situation. However, the academic endeavour to analyse and interpret this phenomenon has mainly been focused on the adverse effects of the oil price hike on the advanced industrial countries and on the implications of the enormous accumulation of foreign exchange and gold reserves for the oil-exporting countries themselves. Non-oil-producing underdeveloped countries enter the picture only as double victims of price escalation: paying more for oil as well as for machinery and manufactured goods, without receiving a corresponding increase in the price of their exports.

The relevance and importance of this can hardly be overemphasized. However, the recent upsetting of the international economic order has raised a number of serious questions for the underdeveloped countries, particularly the non-oil-producing ones. One of these concerns the changes in the nature of the economic relations between oil-exporting and non-oil-exporting underdeveloped countries, and the implications of these changes for the latter. In this article I have attempted to examine this question in the context of the growing economic collaboration between Pakistan and the oil rich Muslim countries, especially Iran, Saudi Arabia, Kuwait, Abu Dhabi, Dubai, Oman, Bahrain and Qatar.

Background

Pakistan has been a textbook example of dependence on foreign aid. By 1970 nearly \$6.5 billion worth of economic assistance had been committed to Pakistan, mainly by the United States and the World Bank.¹ As much as 50% of

Pakistan's second Five-Year Plan for economic development was financed by foreign aid.² Owing to a worsening balance of trade, the servicing of debts became increasingly burdensome, the ratio of debt service to export earnings reaching a phenomenal figure of 25.8% in 1970.³

The political upheaval of 1968-69 resulted in a drastic slowing down of economic growth rate. Before the economy could recover, the country was plunged into a civil war and a military confrontation with India in 1971, which almost shattered Pakistan's economy. The *per capita* income declined by 2.9% between 1969-70 and 1970-71.⁴ Pakistan had no option but to declare a unilateral moratorium on debt repayment. After the dismemberment of the country, the Aid to Pakistan consortium agreed to reschedule the debt service on a 'short leash' basis, and the International Monetary Fund agreed to grant a stand-by loan on its usual terms, which included a 130% devaluation of the Pakistani rupee and liberalization of imports.⁵

The inability to repay foreign loans and the dearth of resources for economic development were compounded by the loss of markets for West Pakistani goods in East Pakistan to the tune of \$300 million annually.⁶ Thus at the end of 1971 a truncated Pakistan, underdeveloped and dependent, was desperately looking for substitute markets for its commodities and for new sources of financial assistance.

The advanced capitalist countries, upon whom Pakistan had traditionally depended, offered few prospects either as expanded markets or as sources of greatly increased economic assistance. The oil-rich Muslim countries, particularly those of the Arabian/Persian Gulf region, seemed to be the logical answer.

Trends in Pakistan's Economic Relations with Muslim Countries

Commodity trade: In the 1960s Pakistan had conducted a modest commodity trade with other Muslim countries, including those of the Middle East; but Hong Kong, Japan, the U.K. and the U.S. constituted the main markets for its exports, while its imports came largely from the U.S. U.K. Japan and West Germany. Oil was the major commodity Pakistan imported from the Middle East, Iran supplying over 50% of Pakistan's requirements and having a highly favourable balance of trade.⁷

Efforts to increase Pakistan's exports to the Middle Eastern countries started well before the dismemberment of the country; but it was only during the East Pakistan crisis that the critical importance of that market was realized and substantial steps were taken to realize Pakistan's trade objectives in the Middle East.

A review of the past five years clearly shows that Pakistan has been highly successful in boosting its exports. Their value increased to over a billion dollars in 1973-74⁸ from an annual value of around \$700 million during the last four years of the united Pakistan.⁹ The most significant breakthrough has taken place in exports to Muslim countries. The share of nine major

Muslim trade partners, namely Iran, Iraq, Abu Dhabi, Dubai, Kuwait, Oman, Saudi Arabia, Libya and Indonesia, in Pakistan's total exports increased from 6.6% in 1969–70 to 24.8% in 1973–74.¹⁰ During the first nine months of the fiscal year 1974–75, exports to the 'Middle East' accounted for 30.8% of Pakistan's total exports, as compared with 17.2% for the same period of the preceding year.¹¹ Saudi Arabia emerged as the eighth leading importer of Pakistani goods in 1973–74, from seventeenth in 1970–71, and Iran rose from twenty-fifth in 1970–72 to tenth in 1973–74.¹² Between 1972–73 and 1973–74, Pakistan's exports to these two countries increased by 209% and 449% respectively.¹³ Other Arab countries, having smaller populations, nonetheless registered significant increases in their imports from Pakistan.

Manpower export: A high rate of unemployment and low wages have forced Pakistani citizens to emigrate ever since the creation of Pakistan in 1947. Most of these emigrants, unskilled labourers from the Sylhet district of erstwhile East Pakistan and the Mirpur region of Azad Kashmir, sought employment in the United Kingdom. Many doctors and other professional people went to North America and Europe for training and decided to stay there. Employment of Pakistanis in the Middle East was of modest proportions and consisted mainly of doctors in Saudi Arabia and barbers, tailors and auto mechanics in various Arab countries.

In the late 1960s, however, the government of Pakistan adopted an official policy of encouraging the large-scale export of manpower to the Middle East as a major means of earning foreign exchange. The Bureau of Emigration was set up in 1969 to facilitate employment overseas. Pakistan's worsening political and economic crisis gave further impetus to this trend, the success of which was assured by the growing demand for skilled and semi-skilled manpower in the Gulf states.

'Young man, go to Dubai [or Abu Dhabi or Muscat]' is household advice in Pakistan these days. Helping people emigrate to the Gulf has become big business. According to the Bureau of Emigration, the annual number of Pakistanis employed in the Middle East through the Bureau and registered employment agencies increased from 2,262 in 1970 to 16,328 in 1974, the total figure for the period between 1970 and September 1975 being 55,546.¹⁴ These figures represent a gross underestimate of the real emigration to the Muslim countries, because a large — probably larger than the official — number of persons employed by non-registered agencies and travelling as tourists and pilgrims leave Pakistan illegally. Then there is the familiar 'smugglers' trade in manpower export. It is estimated that an average of four launches, carrying a total of 300–400 passengers, leave the Mekran coast for the Gulf states every week — charging Rs.2,500 (\$250) per person. Illegal emigration reportedly takes place from other points also, especially Ibrahim Haidri in the Sind Province. The present illegal emigration is somewhere between 15,000 and 20,000 per year. Add to this the number of persons employed by unauthorized agencies but leaving the country legally and the total comes to 45,000–60,000 per year. This figure, however, does not include the mer-

cenaries recruited from the Mekran coast for the war in Dhofar, and the prostitutes exported to the Gulf states. More than half of the 10,000–14,000 members of the Sultan's armed forces in Oman are believed to be Baluchi mercenaries. Recruitment takes place on a continuing basis to replenish the heavy casualties sustained. According to a Kuwait newspaper, 10,000 Pakistani prostitutes were sent to the Gulf states by the United Bank to earn foreign exchange for Pakistan.¹⁵

The significance of the remittances of Pakistani nationals to Pakistan's balance of payments position can be judged from Table 7.1. The present annual amount remitted averages \$150 million, one of the largest single sources of foreign exchange. In 1972–73, it ranked second, while in 1973–74 it was the top foreign exchange earner. The present ratio of remittances to export earnings is essentially the same as before the dismemberment of the country, but its real significance is seen if one remembers that a large proportion of the remittances before the break-up of Pakistan came from East Pakistanis (it was probably because of the withholding action by many Bengalis

Table 7.1

Pakistan's Foreign Exchange Earnings, 1970–75 (\$ million)

	<i>July-March</i>				
	<i>1974–5</i>	<i>1973–4</i>	<i>1972–3</i>	<i>1971–2</i>	<i>1970–1</i>
Remittances	101.7	151.8	146.3	96.3	68.9
Export earnings					
Raw cotton	108.4	38.0	109.2	168.1	56.7
Cotton yarn	56.2	83.1	186.2	101.3	72.3
Cotton cloth	98.4	143.1	119.6	72.3	65.4
Rice	189.1	212.0	110.6	43.6	36.3
Fish	11.7	27.9	22.0	21.3	12.9
<i>Total</i>		<i>1026.4</i>	<i>826.0</i>	–	<i>706.3</i>
<i>Ratio of remittances to export earnings</i>		<i>14.8</i>	<i>17.7</i>	–	<i>9.8</i>

Source: *Pakistan Economic Survey: 1974–75* (Islamabad, Government of Pakistan), pp.100–4 and 124–5.

that the remittances for the year 1970–71 dropped drastically). Now the remittances of West Pakistanis alone have not only exceeded those of pre-1972 Pakistan, but continue to occupy at least as important a share in Pakistan's total foreign exchange earnings as before, despite the rapid growth of exports in the same period.

Aid: Pakistan has been a major recipient of the recent massive aid programme begun by the OPEC countries. In 1974–5, the year in which the OPEC countries edged out the OECD as the major aid donor in the world, the Muslim

countries pledged \$896m or 51.4% of the record aid commitment of \$1,744m made to Pakistan by the various donors.¹⁶ Iran alone agreed to advance \$580m, over a three-year period.¹⁷ Saudi Arabia, Libya, Abu Dhabi and Qatar were the other countries pledging aid to Pakistan. In comparison, Pakistan's traditional major aid donor, the United States, committed \$194m, while USSR, making its largest commitment ever to Pakistan, pledged \$214m, — mainly for the steel plant near Karachi.¹⁸

Prior to 1974–5 the only loans Pakistan received from the Muslim countries were a \$5m supplier's credit from Kuwait in 1969–70 and a \$30m general purpose loan from Libya in 1973–74.¹⁹

Investments: Since 1974 direct investments by the oil producing countries in Pakistan have begun on a large scale. Iran and Abu Dhabi are the principal investors, entering into joint projects with Pakistan (see Tables 7.2 and 7.3). Direct investments by these countries exceed the current inflow of private investment from western countries, which ran at around \$20m per year (including reinvested profits) up to 1970.²⁰ Although the Pakistan government does not provide clear and consistent figures on direct Arab–Iranian investments in Pakistan by countries and years, the figures assembled in Tables 7.2 and 7.3 indicate that the current magnitude of direct investment commitment may be around \$200m. The growing importance of Muslim capital in Pakistan can be ascertained, among other things, by the organization of seminars on 'How to promote investment in Pakistan from Muslim countries' and 'Investment opportunities for Muslim countries in Pakistan' by the Pakistan Junior Chamber of Commerce on 25 February 1976. Five days previously the government had enacted a law to protect and promote foreign investment.²¹

Technical cooperation: In addition to exporting skilled manpower for employment in the Gulf region, Pakistan sells technical expertise to the states of the region by providing them with long and short-term consultants, by training their personnel in Pakistan and by undertaking contracts for them. In Saudi Arabia, for example, the head of its monetary agency, Anwar Ali, was a Pakistani; Pakistani technical expertise is being utilized to set up two car assembly plants;²² Saudi technicians are being trained in Pakistan to operate cement factories and other enterprises, and the Head of the Investment Corporation of the UAE is Nazimuddin Mahmood of Pakistan. In Abu Dhabi the National Construction Company of Pakistan has a \$30m contract for road and building construction;²³ the Pakistan International Airlines is expected to get a \$35m contract for setting up a civilian airline,²⁴ and the Karachi Shipyard has recently built and handed over a 13,000 TDW ship costing \$7m to the National Shipping Company of Abu Dhabi.²⁵ The Karachi Shipyard is also building nineteen barges for Iran at a total cost of \$37.5m.²⁶

Technical cooperation is particularly significant in the military field. Pakistan is responsible for building an airforce for Abu Dhabi, including purchasing equipment and providing training and leadership. Pakistan's military personnel also occupy important positions in the armed forces of Oman,

Table 7.2

Arab Projects in Pakistan

<i>Project</i>	<i>Location</i>	<i>Arab contribution</i>	<i>Nature of participation</i>	<i>Status</i>
<i>Saudi Arabia</i>				
Expansion of cement plant	Karachi (Sind)	\$ 16.5m	loan	signed
Expansion of cement plant	Hazara (NWFP)	\$ 16.5m	loan	signed
Fertilizer plant	Mirpur Mathelo (Sind)	\$ 50.0m	loan	signed
Polyester plant	Karachi (Sind)	\$ 17.0m	loan	signed
Sheep-raising	—	—	—	—
<i>Dubai</i>				
Yazman-Dinghar road	Punjab	\$ 0.5m	grant	sanctioned
Bahawalpur-Yazman road	Punjab	\$ 1.1m	grant	sanctioned
<i>Abu-Dhabi</i>				
Pak-Arab refinery	Multan (Punjab)	\$122.0m	68% equity	signed
Fertilizer plant	Multan (Punjab)	\$ 48.0m	48% equity	signed
Livestock-cum-vegetable farm	Jhimpir (Sind)	\$ 32.0m	equity	agreed in principle
Women's hospital	Larkana (Sind)	—	grant	completed
<i>Qatar</i>				
Livestock raising	—	—	equity	—
<i>Libya</i>				
Fertilizer factory	—	—	equity	signed
Shipping company	—	\$ 10.0m	49% equity	signed
Sugar factory	—	—	equity	signed
<i>Kuwait</i>				
Tarbela-Karachi transmission line	—	\$ 44.0m	—	—

Source: *Economic Survey*, pp. 138-9; *Estimates of Foreign Assistance for 1975-76* (Government of Pakistan, Finance Division); *Monthly Economic Letter* (National Bank of Pakistan, November 1975), p. 6; *Dawn*, 2 December 1975, 10 February 1976, and 23 February 1976.

Table 7.3
Iranian Projects in Pakistan

<i>Project</i>	<i>Location</i>	<i>Iranian contribution</i>	<i>Nature of Participation</i>	<i>Status</i>
Lasbela textile mills	Uthal (Baluchistan)	\$ 17.5m	49% equity & loan	signed
Bolan textile mills	Quetta (Baluchistan)	\$ 18.0m	49% equity & loan	signed
Cement factory	Spintangi (Baluchistan)	\$ 13.2m	49% equity & loan	signed
Agro-industrial complex	Mianwali (Punjab)	—	49% equity	agreed in principle
Bolan Medical College	Quetta (Baluchistan)	\$ 7.18m	grant	signed
Khuzdar Engineering College	Khuzdar (Baluchistan)	—	grant	signed
Fertilizer plant	—	—	loan	agreed in principle
Three textile mills	—	—	equity	agreed in principle
Cement plant	Kohat (NWFP)	—	equity	agreed in principle
Anti-salinity project	Rohri (Sind)	—	loan	agreed in principle
Flood irrigation scheme	Sehan (Baluchistan)	—	loan	agreed in principle
Rakshan river basin development	Baluchistan	—	loan	agreed in principle
Ground water development	Bela Plain (Baluchistan)	—	loan	agreed in principle

Source: Economic Survey 1974-75, p. 137; Estimates of Foreign Assistance for 1975-76, pp. 11, 14, 48, 49; 'Text of Pakistan-Iran Protocol', Dawn, 14 February 1975.

Saudi Arabia and Kuwait. And training is provided to airforce personnel from these countries at academies in Pakistan. Revenues from such cooperation are an important source of foreign exchange for Pakistan and are not likely to show up under figures on remittances and export earnings.

Economic integration: Concerted efforts are being made to integrate Pakistan's economy closely with those of the oil-rich Muslim countries. Pakistan has set up joint ministerial commissions with Iran, Libya and Saudi Arabia to coordinate and oversee the economic collaboration with these countries. Other institutional arrangements include a joint holding company (share capital: \$100m),²⁷ a joint chamber of commerce and joint investment banking corporation with Libya, a joint investment bank (Al-Jazira) with Saudi Arabia and an investment bank in collaboration with Oman.

The extent of economic collaboration between Pakistan and the Middle Eastern countries is reflected, among other things, in the timetable of the Pakistan International Airlines which now operates thirty-three flights a week to Abu Dhabi, Bahrain, Dahrn, Doha, Dubai, Jeddah, Kuwait, Muscat and Tehran, as compared with nine to London.

Complementarity or Dependence?

Pakistan's economic relationship with the oil-exporting countries, particularly those of the Gulf region, is based on the following sets of apparently complementary factors:

1. Pakistan badly needs foreign exchange, while the oil-exporting Muslim countries have vast reserves of foreign exchange and a continual inflow of large oil revenues.
2. The oil-exporting Muslim countries generally lack the technical expertise needed for industrialization and modernization, whereas Pakistan has a considerable amount, especially in medium and light industry, agriculture, communications and transportation and construction, as well as having managerial skills and administrative expertise.
3. The oil-rich Muslim countries either lack or have an acute shortage of skilled labour, while Pakistan has a fairly large skilled labour force and a high *overall* unemployment rate.
4. Most of the Gulf states even lack basic services, while Pakistan has an extremely large service sector.
5. The oil-rich Muslim countries either lack or are short of trained military personnel and training facilities, while Pakistan has a relatively overdeveloped and extensive military structure.
6. The states of the Gulf region are food-deficient and have extremely limited potential for growing more food or for raising cattle, whereas Pakistan is a predominantly agricultural country, with enormous potential for food production.

Evidently the material and human imports from Pakistan play an important role in fulfilling the vital needs of the people of the oil-rich Muslim countries and make an important contribution to their economic development, in return for a modest monetary payment. From Pakistan's point of view, however, such an economic relationship can only be considered complementary if it fulfils the needs of its people and promotes its development.

Commodity trade: Pakistan's principal exports to the oil producing Muslim countries consist of cement and food items, mainly rice. During the last three fiscal years, the share of these two items in Pakistan's total exports to Abu Dhabi ranged from 61–68%; to Dubai, 65–66%; to Kuwait 37–86%; and to Saudi Arabia, 20–56%.²⁸ For a developing and food deficient country these cannot be considered surplus items and the increase in their export can only be at the expense of the local consumer and of domestic development. The serious implications of the trend towards exporting fresh vegetables to the Gulf states were seen in 1973, when Pakistan was gripped by an acute onion and potato shortage. The prices of these two essential items of daily consumption increased four to five times, resulting in severe hardship for the working people of Pakistan. The export of fresh vegetables was then officially discontinued, but small quantities still continue to find their way into the Gulf states.

The virtual absence of cattle raising in the Gulf states, coupled with the suddenly inflated purchasing power of their people, is exerting a heavy demand on Pakistan's beef and goat meat. Official export figures grossly underestimate the actual transfer of meat from Pakistan to the neighbouring countries. The bulk of this business is conducted illegally through the smuggling route which originates in the Nawabshah and Dadu districts of the Sind Province and leads up to the distribution point near Kolanch, via Uthal and Kandrach (all in Baluchistan). From Kolanch, the cattle destined for Dubai, Abu Dhabi and other mini-states of the Gulf are sent to the coast for shipment by motor launches, and cattle for Iran are forwarded via Mand and Gabd. Cows and goats are also smuggled to the Gulf states from points near Keti Bunder in the Thatta district of Sind. Thousands of head of cattle are sent out every month through these routes, the numbers reaching a peak in the month before Eid-ul-Azha (a Muslim festival), when cattle are needed for sacrifice in the Gulf states.

An increasing volume of fish caught on the Mekran coast is now being sold directly to Iranian buyers in mid-seas. The prosperous fishermen of the coast no longer seem to be interested in a fishing harbour, which until recently they had called for vociferously.

The adverse effects of this trade can be judged from the fact that Pakistan has one of the lowest *per capita* daily consumption of animal protein in the world—less than 10 grammes.

Similarly, the export of large quantities of portland cement to the Muslim countries has had a serious effect on the construction activity and cement prices in Pakistan. Before the dismemberment of Pakistan, its eastern wing

produced a negligible amount of cement, and there was a strong argument for sending as much as half of West Pakistan's cement production to East Pakistan in order to assure a regional balance in development, particularly in construction. Yet the maximum ever exported to East Pakistan was 15.36%, in 1967-68.²⁹ However, since the separation of Bangladesh and increase in trade with the Muslim countries, Pakistan has been exporting nearly a quarter of its cement production.³⁰ In the resulting shortage the official price of a bag of cement shot up from Rs.8 in 1972 to Rs.17 in 1975. But to most consumers it was available only on the black market at Rs.25-35 per bag. Construction activity was slowed down considerably and the government was compelled to stop the official export of cement in December 1975. It is quite likely, however, that cement still continues to be smuggled out.

Boosting exports at the expense of the domestic consumer is often justified in underdeveloped countries as a sacrifice necessary for the long-term development of the country. The present trend in Pakistan is relatively new, so it is not yet possible to evaluate its 'long-term' effects. However, the validity of this argument can be accepted only if there are unmistakable indicators in other areas of economic activity pointing towards the development of productive forces in Pakistan. Some of these are discussed below. Other contra-indicators, such as heavy expenditure on military, para-military and police forces, a liberal import policy and an ever-increasing share of 'services' in the gross national product (GNP), show no sign of reversal.

Manpower export: A glance at the categories of Pakistanis employed abroad shows that although there are a large number of unskilled workers, the great majority officially exported consists of skilled masons, carpenters, plumbers, mechanics, electricians and technicians. The impact of this on Pakistan has been immediate: the shortage of skilled construction workers there has rea-

Table 7.4
Selected Categories of Pakistanis Exported Abroad, 1971 to September 1975

Engineers	753
Doctors	1,269
Nurses	117
Teachers	394
Welders	562
Masons	4,608
Carpenters	4,016
Electricians	1,859
Plumbers	1,008
Technicians (miscellaneous)	2,914
Mechanics	1,496
Labourers (mainly in construction)	8,218

Source: Bureau of Emigration, mimeographed tables.

ched crisis proportions. Similarly, it has become very difficult to find skilled plumbers and carpenters for routine house maintenance.

Pakistan's emigration policy, by and large, ignores domestic needs. Government-sponsored studies tend to justify the policy, but a cross-check of emigration figures against their projects shows that emigration of skilled persons greatly exceeds even the contrived figures of 'excess' manpower. For example, an Investment Advisory Council of Pakistan study estimated an excess of 76 masons in 1973,³¹ yet 912 masons were exported in 1973 and 1,166 in 1974.³²

The case of doctors is particularly interesting. During the period 1972-4 the average annual number of doctors graduating from Pakistan's medical schools was about 1,000.³³ According to one set of mimeographed data sheets from the Bureau of Emigration, an average of 371 doctors was exported per year during this period. According to the data used in a study by the same organization, however, a total of 1,271 (an annual average of 434.7) had been employed abroad in the same period through the Bureau alone.³⁴ A third source³⁵ from the same office listed the number of doctors emigrating during the first half of 1974 as 443, against a figure of 286 for the entire year given by the first source. Even on the showing of the most conservative figures an emigration/new supply ratio of 37:100 in a country where the ratio of doctors to the population is 1:7,000³⁶ indicates the disastrous effects of its emigration policy. Emigration of engineers is only slightly lower than that of doctors, and the supply only slightly higher. Similarly, most of the senior professors of Pakistani universities are currently serving in Libya, Iraq, Uganda, Sudan, Nigeria and Saudi Arabia.

Although the adverse effects of Pakistan's manpower export policy are immediately felt in all spheres of life, the implications of this trend are far more serious for the future development of the country. Its infrastructure for development is being undermined, and it is being progressively converted into a factory producing skilled manpower for its rich neighbours.

The money remitted by Pakistani nationals abroad is received by their relatives in Pakistani currency. Since most of these families are poor, it is unlikely that any significant portion of this money is saved. An improved purchasing power in their hands, on the contrary, contributes to the inflationary pressure on essential items of consumption, already in short supply.

Aid and investment: An examination of the projects financed by Iran and the Arab countries of the Gulf shows that these projects are mainly directed towards increasing Pakistan's capacity to produce the goods needed – and now acquired through imports – by these countries: cement and food. Such investments are not only instrumental in creating goodwill for the investing countries, but also tend to blunt the edge of criticism directed against Pakistan's present export policy.

According to the protocol release by the Iran-Pakistan Joint Ministerial Commission in February 1975, 'Iran shall have the option to purchase the products of the said [cement and textile] joint ventures to the extent of

Iran's participation.'³⁷ Similarly, on the Mianwali livestock project: 'Iran shall have the first right of refusal on 49% of the production of the livestock products of the project and which shall be exempted from any export taxes.'³⁸

Details of the Saudi Arabian projects are not available. However, it is clear that Saudi investments in cement factories are taking place in a framework of increased Saudi demand for Pakistan's cement.

An important feature of the Iranian and Arab projects in Pakistan is that although their current framework is dictated by the investing countries' needs, most of the projects are not irrelevant to the needs of Pakistan. Part of the products of these enterprises can be used for domestic consumption even under the present terms of agreements. A reversal of the export policy, liquidation of foreign capital or nationalization of these projects could result in useful assets for satisfying Pakistan's own needs.

Consequences for the Pattern of Development

The economic prosperity in the Gulf and Pakistan's closer collaboration with the states of the region and other Muslim countries are beginning to exert a powerful influence on the pattern of other foreign and domestic public and private investment in Pakistan. One example of the new export-oriented industry is the proposed meat processing plant to be set up as a joint Pakistan – American venture, with the explicit objective of exporting meat from Pakistan.³⁹ The net result of this and other similar projects would be to aggravate the current acute shortage of meat, to increase the already high domestic price of meat, encourage further the practice of selling only offal in the local market and reduce even more the protein intake of the Pakistani people.

The development of marine fisheries and the setting up of fish and shellfish processing plants has already demonstrated the ill effects of such development on local consumers.⁴⁰ The result of the American-aided fish harbour at Karachi has been to provide cheap protein to the foreign exporters at the expense of local consumers, who now have to buy the left-overs (in both quality and quantity) at prohibitive prices. The consequences of setting up the meat processing plants are even graver, while the justification is even less. Since the fish catch fluctuates from season to season, even from day to day, and may sometimes exceed local demand, it may be necessary to process a part of the catch, even if not for export. And a bumper catch can result in a glut in the local market, making a better variety of fish occasionally available to local consumers at reasonable prices. But with the slaughtering of animals there is no natural fluctuation and, therefore, no need for processing so far as local consumers are concerned. On the contrary, the existence of meat processing plants would deny even the occasional benefit to local consumers. This can be better appreciated through the following illustration. During the month of Ramadan (the Muslim month of fasting) in 1975, the Sind government attempted to control meat prices. Although the butchers

responded by slaughtering dying animals, thus reducing the supply of meat, this strategy could not work on a sustained basis, and many were compelled to slaughter healthy animals and sell all cuts of meat at controlled prices. In Pakistan there is no tradition of price gradation by the cut of meat, the only distinction made is between goat meat and beef, and between boned and non-boned beef (the head, brain, tongue and hoof are priced separately). The government's price enforcement was lifted immediately after Ramadan, and meat prices rose 100%. Had the enforcement continued, the butchers would have had to choose between keeping to the price controls or quitting the business altogether. The establishment of processing plants provides them with a third alternative: supplying the prime cuts to the processing plants and selling the inferior cuts and offal to local consumers at controlled prices.

Since meat is the main animal protein in Pakistan and its consumption is not localized — as in the case of shellfish — the development of meat processing plants on any large scale is likely to have a disastrous effect on nutrition levels.

An ironic consequence of the growing economic collaboration between Pakistan and its oil rich neighbours has been that while Iranian and Arab capital is flowing into Pakistan to boost the production of goods needed in the Middle East, the demand for Pakistani expertise in these countries is instrumental in encouraging the flight of capital from Pakistan. Private investment in Pakistan has slackened since the present government nationalized banks and insurance companies and took over the management of ten basic industries. The capitalists affected have now found lucrative investments in the Gulf states, using their technical and managerial expertise as leverage. No estimates on the flight of capital are available, but it is openly conceded that many big capitalists have moved their capital to Arab countries. The First Secretary of the Embassy of the United Arab Emirates, for example, wrote: 'Several Pakistani firms are planning to undertake the installation of heavy industries in the UAE in the private sector. Pakistani businessmen have quite generously offered to provide the necessary capital for such industries on a joint venture basis.'⁴¹

The impact of Arab-Iranian oil money on Pakistan's development priorities is felt most strongly in the service sector, which comprises half of Pakistan's GNP. A number of expensive hotels, including the Hilton, Sheraton, Hayat and Holiday Inn, have been or are being constructed to accommodate guests from the Gulf states. A beachside casino is under construction in Karachi for the entertainment of wealthy visitors. Real-estate developers give special consideration to the needs and tastes of potential Arab customers, as can be observed in the classified advertisements appearing in Pakistani dailies. The United Bank has a special department to deal with Abu Dhabi — it not only holds large deposits, but provides multifarious services, including prostitutes, for the visitors from that sheikhdom. The ruler of Abu Dhabi has two palaces — one near Karachi and the other in Rahim Yar Khan — and many mansions in Pakistan.

The share of these types of 'services' in Pakistan's GNP is increasing day

by day. Pakistan's enterprising compradors seem all too keen to turn Karachi into a Tijuana or an Acapulco for the sheikhs and princes from the wilderness of the Gulf states. Pakistan's private sector is also moving in a big way to capture the Arab market for technical and managerial expertise. Banking wizards like Abidi have helped the flight of capital and expertise to the Middle East by setting up a bank there.

The technologically advanced countries undertake such activities as a part of their economic domination over less developed countries; and such services are never rendered at the expense of their own interests. An underdeveloped country like Pakistan, however, can indulge in such activities only at the expense of its own development. Pakistan seems to be selling out the few advantages obtained from its collaboration with imperialist countries.

The disadvantages to Pakistan are so glaring that even the usually docile and unimaginative 'experts' and policy makers have begun to suggest or take measures against some of the most blatantly harmful forms of cooperation with Muslim countries. As a result of the pressure exerted by the 'nationalist' elements within the government, an ordinance was promulgated on 10 January 1976 to curb the emigration of skilled manpower.⁴² Public opinion was so overwhelmingly against the ordinance that it had to be withdrawn completely on 5 February, thus making it the shortest-lived law in Pakistan's history.⁴³

The contradiction between the objective interests of the country and the perceived self-interest of a large section of the population, and the inability of the government to reverse a process which it realizes is detrimental to the country's development, underscores the limited options available within a structure which, as a whole, is not conducive to independent and self-centred development.

Pakistan's ruling class, born in colonialism and nurtured in neocolonialism, finds the mercenarization of Pakistan's economy to its own advantage. It unambiguously articulates its desire to develop a division of labour with rich Muslim countries in which it would specialize in primary and tertiary sectors. Agha M. Ghouse, Secretary and Economic Adviser of the Karachi Chamber of Commerce, propounding such a secondary role for Pakistan, stated:

Iran could not be self-sufficient in food, and would be depending considerably upon imports. It is, therefore, a matter of *satisfaction* that between Iran and Pakistan, Pakistan's agricultural potential becomes a support to Iran's industrialization.⁴⁴ (Emphasis added)

The strengthening of economic and political links between Pakistan and the oil-rich Muslim countries is also reflected in the cultural field. A massive and methodical drive has begun to define Pakistani culture in terms that would justify this new linkage. The following excerpt is only a crude sample of this effort:

We the Pakistanis and our brethren living in Iran are the two Asiatic

branches of the Aryan Tree who originally lived in a common country, spoke the same language, followed the same religion, worshipped the same gods and observed the same rites. Our family relations and social classifications were identical. Culturally we were and are single [sic] people.⁴⁵

Iranian cultural centres (*Khana-e-Farang*) have been set up in every major town in Pakistan, and they are more numerous than the cultural centres of any other foreign country, including the United States. The teaching of Arabic and Persian are once again being emphasized in schools. Arabic, rather than Pakistan's four national languages, is taught on television. The post office at Karachi airport bears inscriptions only in English and Arabic.

Iran and Libya have even entered the field of book publishing in Pakistan—an unusual activity for a foreign country. Iran has also undertaken to carry out research on Pakistan's 'national' poet, Mohammad Iqbal. An ultra-modern Institute of Persian Studies is being set up in Islamabad with Iranian help.

In short, there is no sphere of Pakistani life which has not been profoundly affected by the increasing collaboration with the oil rich Muslim countries.

The Nature of the Contradiction

Apparently, many implications of this relationship are similar to those arising out of a relationship between imperialist countries and their dependencies. Hence it is important to compare and contrast the two relationships and to identify the real nature of contradiction.

An imperialist relationship obtains in at least four respects: (1) the import of Pakistan's cheap labour; (2) the import of Pakistan's primary products; (3) the investment of excess capital in the enterprises serving the needs of the capital exporting countries, and (4) the influence on Pakistan's pattern of development in a manner which tends to make its economy subservient to Arab-Iranian interests.

On the other hand: (1) Pakistani labour is imported into Arab countries not because it is cheaper than domestic labour, but because it possesses skills which are lacking in the importing Arab countries; (2) the primary products imported from Pakistan are used for direct consumption rather than as raw materials for industry; (3) excess capital is not exported to Pakistan because there is a higher rate of return there, nor because Middle Eastern countries have reached an advanced state of capitalism; (4) the Arab countries are not motivated by a desire to capture the Pakistani market for their manufactures (this, however, cannot be said about Iran, whose manufactured goods have begun to penetrate Pakistan through legal and illegal trade); and (5) instead of selling their technical and managerial expertise, Iran and the Arab countries buy it from Pakistan and other countries.

Thus, the economic relationship between Pakistan and its oil-rich Muslim friends is neither an imperialist relationship nor one of equal and autonomous

partnership working to their mutual advantage.

The contradictions in Pakistan's economic relationship with the oil-exporting Muslim countries can be viewed as ramifications of the contradictions of the world imperialist system. Imperialist domination of South and South-west Asia resulted in arresting productive forces there and in preventing a harmonious development of economic relations between the various entities of the region by separately linking each of them with the centres of world capitalism. Within the framework of imperialist domination and exploitation, the role assigned to each part of the region was based on its natural resources and/or its strategic position. In this division of labour Pakistan produced a comprador bourgeoisie, specialized in the business of exporting cheap agricultural products and importing luxury items for the consumption of the landlord-military-bureaucratic elite, which controlled or managed the state. Pakistan also managed to develop, to a certain extent, an infrastructure for economic development and a fairly large educated petty-bourgeoisie.

The 'modernization' which accompanies neocolonial development had helped Pakistan further develop and modify the structures, technologies, services and skills which colonialism had bequeathed it. However, imperialism had set limits to economic development within which the skills and talents developed indigenously or acquired abroad could not be fully utilized. Likewise, in the absence of an improving standard of living the attention of the owners of the means of production had remained fixed on external markets. The overdeveloped military and bureaucracy also constantly looked for outlets for more rewarding assignments abroad. Thus, economic stagnation had maintained a strong impulse for the flight of capital, goods, services, skills and manpower.

On the other hand, imperialist interests and activities in the Gulf region focused primarily on pumping out its oil and on defending it as the outer perimeter of England's Indian empire. These specific economic and strategic interests necessitated policies which not only helped preserve archaic forms of social and political organization, but also prevented the development of even the nucleus of an infrastructure for modernization in the majority of the Gulf states. Iran was the only country in the Gulf with a sophisticated state structure, a well-defined class structure and a diversified economy.

The *status quo* was radically altered in the late 1960s and early 1970s. Since the late 1960s the deepening of the general crisis of imperialism manifested itself in or affected the Gulf region in the following ways:

1. Britain's decision to withdraw from 'east of Suez', i.e., to grant nominal independence to and create neocolonial structures in its *de facto* colonies in Oman, Trucial Oman, Qatar and Bahrain, required rapid building of appropriate state machinery, particularly the armed forces, road and building construction, development of telecommunications and provision of various kinds of services.
2. New oil finds in the Gulf, dramatic increases in the price of oil, and the inflow of huge oil revenues, not only enabled the states of the Gulf region to pay for state-building activities, but created an im-

perative for modernization, increased demand for food, consumer items and personal services, and made it necessary and possible to introduce a degree of welfarism.

3. The so-called energy crisis heightened awareness of the importance of the Gulf region as the chief supplier of oil to the capitalist world, and increased its concern for the region's 'security'. The revolutionary struggle in Dhofar, particularly since its widening scope in 1968, created a particular sense of urgency for the imperialist powers.
4. The impending defeat in Indochina had called for a change in the counter-revolutionary strategy and the formulation of the so-called Nixon doctrine. As applied in the Gulf region, this strategy envisaged a rapid and gigantic military and economic build-up of Iran in order to enable it to play the role of regional watchdog ('sub-imperialism') with the help of lesser regional powers.⁴⁶ Effective military cooperation among the countries of the region was seen as contingent upon regional economic cooperation and integration.

While advanced technology, military material, machinery, consumer durables and high-level expertise for the Gulf states had to be imported from the United States and other imperialist countries, it was economically inexpensive and politically prudent to import intermediate technology, skilled manpower, agricultural products, light manufactures, personal services, and military personnel and expertise from the countries in the region.

Pakistan, like India, Lebanon, Egypt and, to a lesser extent, Sri Lanka and Bangladesh, was only too keen to sell the products, manpower and expertise needed. Its physical proximity, foreign policy orientation and capability to rationalize such undertakings in the name of Islamic brotherhood made it a particularly suitable candidate for the job. The creation of Bangladesh and the economic crisis since 1969 only helped create the impetus for involvement.

In trying to reconcile the solution to its specific economic crisis with imperialism's attempted solution for its general dilemma in the Gulf, Pakistan seems to have got itself bogged down deeper in the quagmire of underdevelopment, dependence and subservience. In a new neocolonial hierarchy it has been relegated to the status of a slave substratum upon which the imperialist masters and their privileged clients play out their game of plunder and oppression.

A Postscript, 1980

Four years after the publication of this paper in 1976 nothing has changed enough to warrant a major alteration of our analysis or conclusions. During these years, especially since the seizure of power by the military in 1977, Pakistan's economy has gone steeply downhill. As its commodity sectors have stagnated, the service sector expanded further and the deficits in the budget and in the balance of trade grown enormously, its dependence on foreign

sources of finance have done just the opposite. However, the internal political and economic instability, coupled with political upheavals in the region and the general crisis of world capitalism, had until recently prevented international donors from committing substantial amounts of new aid to Pakistan. By mid-1979, as Pakistan's foreign debt burden reached a staggering \$9,000m and its annual debt servicing hit an all-time high of \$550m — almost two-thirds of the new aid inflows — Pakistan started a frantic effort to solicit massive aid from the United States and the conservative Arab regimes. This effort, which included a thorough involvement in destabilizing the progressive government in Afghanistan, has only begun to pay off.

In the meantime, the only 'bright spot' in this generally dismal economic picture was the dramatically steep increase in the home remittances by emigrant Pakistani workers. The magnitude of these remittances underscores the relative and absolute significance of these inflows to Pakistan's economy. From a modest \$150m in 1973–74, the home remittances have multiplied more than tenfold. In 1978–79 the figure was \$1,375m, 51% more than the total foreign aid disbursed; in 1979–80, home remittances have been officially estimated at \$1,725m.

The critical importance of these remittances can be judged from the fact that, owing to net factor income from the rest of the world, the balance of trade deficit of \$1,469m was reduced to a balance of payments deficit of only \$489m in 1977–78, and from \$2,107m to \$992m in 1978–79. The same income accounted for 6% of the GNP in 1978–79, while 30% of the increase in GNP from 1976–77 to 1977–78 and 6.3% of the increase from 1977–78 to 1978–79 was due to the net factor income from the rest of the world, which closely approximated the gross legal remittances.⁴⁷

The enormous growth in home remittances has, as might be expected, been accomplished by a proportionate increase in the number of Pakistani workers emigrating to other countries for work. No reliable figures for Pakistanis working abroad are available, but the most commonly quoted figure is one million. However, this figure would give a *per capita* annual remittance of \$2,000, which seems rather high in terms of the wages paid in the Gulf countries where most migrant Pakistanis work. In view of this and of the fact that an undetermined but large amount of money is sent home through illegal channels, it may not be an exaggeration to state that there may be no less than two million Pakistanis working abroad. One estimate of the current levels of emigration can be made from the number of blood samples examined by a pathology laboratory in Karachi which examines all workers emigrating to Saudi Arabia. At present it examines from 250 to 400 samples a day, working six days a week. An average of 300 samples per day for 300 days in a year would give a total figure of 90,000 workers going to Saudi Arabia from Karachi alone.

The problems associated with such emigration have undoubtedly become more serious during the past four years. Moreover, certain new trends have developed in the migration of Pakistani labour: (1) job opportunities in the Gulf region have begun to level off, especially in the construction projects,

while, at the same time, partial repatriation is taking place in Iran, Saudi Arabia and Libya; (2) Pakistani workers are facing increased competition for jobs in the Middle East from workers from Bangladesh, Sri Lanka, South Korea and the Philippines; (3) as a result of both the 'push' factors operating within Pakistan and the increasing constraints on job opportunities in the Middle East, Pakistani workers have begun to explore possibilities in Western Europe and other far-flung places. West Germany, France, Norway, Holland and a number of other continental European countries, where tens of thousands of Pakistanis are already working, have tightened their immigration regulations to prevent third world (especially Pakistani) workers from entering. Britain, having closed its doors to non-white workers, is now attempting to prevent even the spouses and children of Pakistani workers already living in Britain from joining them. With the traditional as well as newly-opened doors slammed in their face, the search for jobs is taking Pakistani workers to countries they had never heard of, or had never considered possible places to find work in. Lisbon, Barcelona, Rio de Janeiro and Mexico City are now among the many destinations of Pakistani workers boarding different airlines at Karachi and Islamabad in search of bread and a better life for their children.

Migration of the labour force from Pakistan, as from other third world countries and poorer European countries, has been part of a global trend, as capital from the metropolitan countries tries to maximize profit by internationalizing the labour force. Thus far, the traffic has mainly followed one direction, i.e. cheap labour migrating toward capital. In other parts of the third world a reverse movement has already taken place, as Export Processing Zones (EPZs) have been established. Given Pakistan's demographic, economic and politico-structural problems, and given the limited absorption capacity of the countries currently importing Pakistani manpower, Pakistani rulers are now looking towards the development of EPZs as an answer to the country's unemployment problems and foreign exchange shortage, as well as a strategy for development. A proposal for the establishment of an EPZ in Karachi has already been finalized and foreign investors are being approached. As this scheme makes progress, not only will the internationalization of the Pakistani working class be greater, but Pakistan's dependence on the multinational corporations will increase and the 'disorganic'⁴⁸ character of its development will further sharpen.

Other than labour supply, Pakistan's economic links with the oil-exporting Muslim countries have failed to grow substantially during the past four years. Since the fall of the Shah, Iranian aid and investment has come to a halt, and the lucrative Iranian market for Pakistan's food exports has shrunk drastically. Except for a keen interest in Pakistan's nuclear development programme, Libya's interest in Pakistan has waned. No important investments have been made by other Arab countries. However, a substantial amount of cash has been received from Saudi Arabia and Kuwait in the name of Afghan refugees and for supporting the right-wing Afghan rebels operating from their bases in Pakistan. For political and economic reasons Pakistan's dependence on Saudi Arabia has increased substantially since 1976; but subsidies rather than trade

have been the predominant aspect of this relationship. Pakistan's capacity to export to the Gulf region has declined in many areas. Instead of being a net exporter of cement, today Pakistan imports it, owing to declining production. All in all, the patterns set in previous years have not been broken: such changes as have occurred in the relations between Pakistan and its oil-exporting neighbours have only enmeshed it deeper in dependency.

Notes

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9. *25 Years of Pakistan in Statistics*, p.383.
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12. *Pakistan Statistical Yearbook 1974*, pp.239-43.
13. *Ibid.*
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18. *Ibid.*, p.129.
19. *Ibid.*, pp.121 and 130.
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8. The Political Economy of Manpower Export

Jamil Rashid

Begin with pauperizing the inhabitants of a country, and when there is no more profit to be ground out of them, they have grown a burden to the revenue! Such is the doctrine laid down by Ricardo in his celebrated work, *The Principles of Political Economy*. The annual profits of a capitalist amounting to £2,000, what does it matter to him whether he employs 100 men or 1,000 men? . . . The net real income of a nation, rents and profits, remaining the same, it is no subject of consideration whether it is derived from ten millions of people or from twelve million. . . .¹

This observation of Marx's reveals two principles which can be applied to the political economy of manpower export. First, a country pauperized by a colonial ruling class becomes dependent on exporting its 'surplus' labour in order to maintain a minimum economic existence. Second, an imperialist country, after extracting raw material from a colonized area, reaches a point where capital becomes abundant and indigenous labour relatively scarce. In order to maintain the desired level of profit, capitalists then go back to their pauperized colonial regions to supply extra labour.² Thus, it suits the ruling classes of both imperialist, capital-rich countries and dependent countries to exploit their helpless, undernourished poor in order to retain their hegemony.

In advanced capitalist societies, because of the bottleneck in labour supply, the Third World labour force has been turned into a reserve army of under- and unemployed labour, rounded up by the monopoly capitalists for the extraction of surplus, and further polarizing the international division of labour and capital.

This paper is divided into three sections. In the first part, an attempt is made to explain at the theoretical level why the Third World has become dependent on selling the labour of its poor populations to the world monopoly capitalists. The second section demonstrates, with particular reference to Pakistan, how a client state of the United States is turned into an area of cheap labour supply for the multinationals in the Middle East, and junior-level professionals in North America. In the last section some tentative conclusions and prospects for the future are offered.

The International Transfer of Labour Power

In the international transfer of labour power, there is a hierarchical system. The United States, imperial centre of world capitalism, draws relatively more highly skilled manpower. The lesser capitalist centres — Britain, France and other European countries — receive unskilled, or relatively less skilled labour. This can be seen from the proposition that a capital-rich area will need skilled labour in order to acquire a higher rate of return on capital, while the relatively capital-poor countries, (i.e. Britain, France, etc.) where indigenous skilled labour is considered less productive because of a relative scarcity of capital, will draw relatively less-skilled labour. The relatively higher-skilled migrate to the U.S.A. and to some extent W. Germany where capital-enriched technology absorbs them. At the same time, the European countries generally absorb labour from the Third World, either at a low-skilled or unskilled level.

This principle can be illustrated by a simple example. In the capital-rich U.S.A. a skilled labourer takes less time to produce extra surplus than a semi-skilled labourer in Europe.³ For instance, suppose an American immigrant worker produces 8 hours of goods in 2 hours; in that case, 100 units of capital will produce 25 units of commodities (goods). If 5 units are wages and 20 units are profit, then there is a 20% profit on accumulated capital. On the other hand, an immigrant worker in relatively less capital-intensive Great Britain takes 8 hours to produce 8 hours of goods. If 100 units of capital are available, there will be 12.5 units of goods produced; with 3 units of goods gone to wages, there will be a profit of 9.5%. The discrepancy in surplus extraction is described in bourgeois economics as productivity, when in actual fact it is the application of capital-rich labour applied on capital-abundant (technological) structure of the United States. For the imperial centre, only skilled labour can produce a bigger surplus, which also explains the accumulation of capital taking place in the United States and its multinationals at a greater speed than anywhere else. Within the metropole and its semi-periphery, the lowest paid jobs, which are also related to 'unwanted' jobs, are undertaken by workers (dubiously called 'illegal') smuggled in by the hired agents of capitalists.

By importing and exporting labour about the world, the imperialists and their allies keep wages relatively low and profit levels high. Where foreign labour is imported, indigenous labour is paid lower real wages than it would be if labour were scarce and capital more abundant. Thus, the transfer of labour power is in fact the transfer of capital from one level to another. Third World manpower is imported in to the semi-periphery (that is, European countries under the US hegemony) and surplus extracted; relatively higher skilled labour moves to the centre (i.e. the United States) and a bigger surplus is extracted. World monopoly capitalism turns labour power into capital, which leads to capital accumulation at the world level.

Dualism in Colonies

Historically, the international transfer of labour power took place in two

stages. In the colonial period, the ruling classes of Great Britain, France, the Netherlands and other countries transferred raw material cheaply from their colonies while building their own industrial structures. In this process, each of the colonial regions was turned into a hinterland, and at the same time a dualism emerged. On the one hand, the rural areas of these colonial regions declined in production, as the demand for export-oriented raw materials was either reduced drastically or very low prices were paid to retain economic viability. Surplus labour resulted from reduced or non-existent employment opportunities. On the other hand, the foreign rulers established a small urban sector, with an educational system based on the colonial pattern. Once the colonial powers left, the countryside was bursting with an underemployed or unemployed labour force. There were no factories to provide work, nor was there capital to devote to making farmland productive. At the same time, within the big cities, the old educational system produced an alienated class (bureaucrats and professionals) looking towards their old colonial masters for succour.

In the post-war period the United States emerged as the new imperial master. For the first decade or so, the Americans were engaged in rebuilding the shattered economic structure of Great Britain and other European countries. Surplus capital was pumped into these economies, which would be future bases for the operations of multinationals. At the same time, new military alliances were forged to safeguard the interests of capitalists in the United States and Europe. The former colonies were inducted into unequal treaties, with military and tied loans (disguised as aid), and the ground work laid for a permanent relationship of dependency. When military and economic aid was provided to these pauperized areas, a new structure developed. The old metropolitan centres within these hinterlands were revived, raising a new class of military officers, bureaucrats and educationists trained under the American system. The majority of the population remained poor, as capital was pumped in from aid/loan funds into services and administration. A client system developed in which the comprador bourgeoisie from countries like Pakistan, South Korea, Philippines and South Vietnam looked upon America as their 'dream.'⁴

Thus we have the following pattern: the old industrial structure of the former colonial powers, revived by American funds became dependent on cheap labour from former colonies, while the United States attracted relatively higher-skilled labour from Great Britain and other European nations, and also a small number of private entrepreneurs and relatively skilled labour from the client states of Asia and Latin America. The Third World countries have remained industrially backward, accumulating interest-bearing loans, while the real capital is accumulated in the imperial centres. The loans have to be repaid with debt-services, and the poor population lives at the minimum existence level. With little hope of exporting any industrial goods or raw materials in sufficient quantities, labour power is the only exportable item which pays for the interest on loans and for some of the imported goods.

Since the mid-sixties, growth level in some of the countries of the European Economic Community has been such that they have had to depend on imported labour. The migration pattern from the poorer regions has been related to geographical and past political realities. Northern Europe (particularly countries like West Germany, Switzerland and France) relies heavily on labour power imported from poor Southern Europe. In 1976, it was estimated that nearly 15 million foreign workers were employed in Switzerland, Belgium, France, West Germany and the Netherlands. The British and the French, with their long years of colonial history, count on a large influx from India, Pakistan, Bangladesh, West Indies, Algeria and Morocco. Against this background Pakistan can be considered as a model of labour power export: a country which has a colonized past and a client relationship with the imperial United States, and is now heavily dependent on remittances from its overseas citizens to pay back debts incurred from the industrialized countries over the past twenty-five years.

Labour Power from Pakistan

The areas which formed the Pakistani federation in 1947 consisted of four provinces in the west and a divided Bengal in the east, and were the ones where Britain as a colonial power had extracted the greater amount of surplus under a policy of primitive and mercantile accumulation. This was done by extracting raw materials, cotton and jute, for its industries and inducting men for fighting on behalf of British interests all over the world. East Bengal later separated from the Union, as a direct result of the contradictions created by US imperialism between the two regions, of which the west was relatively the more 'developed' and was favoured over the east. The US economic and military aid concentrated there, in view of the geo-political importance of West Pakistan, naturally had its political effects.

Present-day Pakistan can be classified as a neo-feudalist state, where the landowning class is still the ruling class, with a few families belonging to a commercial background. The army is regionally based, as it was in British times, keeping the four provinces under the shadow of guns procured mainly from the US and other Western powers. When the British departed from the Indian subcontinent, Pakistan was a fragile state with no *national* bourgeoisie except for a small professional, intellectual class, which led the feudalists in negotiating the partition. Britain was in no position to retain its imperialist responsibilities, so the United States took upon itself the job of creating a client state in Pakistan. A series of military alliances were signed from 1953 onwards. Prior to this (1948–1953) grants had been offered to woo the ambitious military officers, trained under Britain, and bureaucrats from the (British) Indian Civil Service (later called the Civil Service of Pakistan or CSP officers), towards the adoption of a capitalist road to development.

It was this client relationship with US imperialism in South and South-east Asia which created the socio-economic structure of the Pakistani state.

Between 1950 and 1977, \$9.1 billion were utilized by Pakistan, out of which \$1.6 billion was repaid, leaving an outstanding debt of \$7.5 billion. When this clientage was later withdrawn, Pakistan was left with a contingent of army officers and bureaucrats unfit to run the neo-feudalist state. Under these conditions, an economic structure built up with foreign loans and grants became a shambles, and the country was left only with the option of exporting its labour power to pay back loans, with their heavy debt service charges, and covering the bills for large quantities of imports, mainly military goods and consumer items for maintaining the administrative structure. According to senior officials of the (Pakistan) Overseas Employment Corporation, the rationale for sending Pakistani workers overseas was: 'Let them go to the Middle East. Remaining here, they cause only problems. This way they gain and we gain, too, of course. . .'⁵

Although it is true that, at present, nearly 75% of the estimated 1.5 million Pakistanis working abroad are in the Middle East, the first mass exodus was to Great Britain. This was a logical consequence of the policies of imperial Britain, which had established a facade of equality in the Commonwealth. At first, there were no entry requirements to Britain, and Pakistani workers went to work in the British textile factories — a paradoxical situation, since the British textile industry was largely built up in the former imperial relationship with the Indian subcontinent. Prior to the civil war in the US, the southern states provided the greater part of the raw cotton for the Lancashire cotton mills. When the supply stopped from this source, India became the major supplier. British manufactured textile goods were exported back to the captive Indian market. After World War II, when Britain was unable to modernize its textile factories, labour-intensive methods were retained. Cheap labour came from the rural areas of Pakistan, where depleted agricultural resources and little or no industrialization created pressure on land. Meanwhile, the US technology-based economy imported large numbers of European — including British — skilled workers. Thus, it was the demand for cheap labour in British industry, and migration of British labour power to the US, metropole of the new imperialism, which kept up the flow of workers from former colonies into Great Britain.

The late 1960s and the 1970s saw major changes. On the one hand, Great Britain was pushed backward by its slow economic growth, compared to European countries; on the other hand, the oil boom in the Middle East created its own momentum. The US oil multinationals established a new clientship in Iran and other Near Eastern countries, and Pakistan was relegated to 'sub-client' status.⁶ Pakistan faced a crisis, economically and politically. Backed by the US, Ayub Khan was foisted on the country in 1958 and pushed out by internal revolt, and except for a brief period of recovery between 1972 and 1974, Pakistan has remained in the grip of economic crisis. The pressure of debt servicing has kept the Pakistani rulers on their toes; and the ruling class, mainly feudalists, big business and petty industrialists, find themselves incapable of mobilizing the resources of the country for internal development.

Increasing Dependence on Foreign Remittances

The figures given in the tables which follow bear out this picture of dependence.

Table 8.1

Per Capita Income, Export Earnings and Private Foreign Remittances in Pakistan, 1971-78

Year	<i>Per capita income</i> (\$)	<i>Total private remittances</i> (\$m)	<i>Per capita remittances</i> (\$)	<i>Total exports</i> (\$m)	<i>Per capita exports</i> (\$)
1971-72	70	96.3	1.5	589	9.2
1972-73	84	146.3	2.22	817	12.37
1973-74	108	151.8	2.23	1,020	15.0
1974-75	136	229.9	3.28	978	14.0
1975-76	155	353.4	4.91	1,162	16.14
1976-77	189	590.8	8.03	1,132	15.40
1977-78	216	1,150.0	15.2	1,306	17.27

Source: Government of Pakistan, *Pakistan Economic Survey* (Islamabad: various issues).

Pakistan has remained a poor country, with a *per capita* yearly income of \$216 at current exchange price levels. (If inflation of the last ten years is taken into account, the income is no more than \$100 per head.) With this low income, and the continuous pressure of rising prices, Pakistani workers have been leaving the country, encouraged to do so by their rulers, for the benefit of multinationals in the Middle East and other countries of the world. The money these workers send from overseas maintains their families at home. In 1971-72 the total private remittances came to around \$96 million, that is \$1.5 *per capita* of the Pakistani population (estimated 75 million in 1979). By 1977-78 the figure had risen to \$1.1 billion, a fourteenfold increase on *per capita* basis. The economy is still non-industrial, relying heavily on the export of raw materials. Commodity exports increased from \$589 million to \$1.3 billion over the period from 1971-72 to 1977-78, at a much slower rate than the export earnings from labour power. The price level of industrial raw materials has been declining, and so Pakistan, a food-deficient area, has to export rice and other food items, mainly to the Middle East. The rice exported is of a special kind; and to produce this type of rice means diversion of resources from wheat (a traditional food of Pakistanis) to rice; as a result Pakistan was forced to import large quantities of wheat and other food items. At an estimate, nearly 41% of the import bill for 1977-78 consisted of food items.

In 1973-74, the import bill for Pakistan nearly doubled as compared to the previous year. This was also an indication of rises in the prices of goods

Table 8.2

Foreign Remittances as a % of Imports and Exports, 1971-78

Year	Total imports (\$m)	Foreign remittances as % of imports	Total exports* (\$m)	Foreign remittances as % of exports
1971-72	639	6.6	589	6.1
1972-73	797	18.3	817	17.9
1973-74	1,362	11.1	1,020	14.9
1974-75	2,114	10.9	978	23.5
1975-76	2,139.4	16.5	1,162	30.4
1976-77	2,147.7	24.4	1,132	52.2
1977-78	2,757.0	44.5	1,283	95.6

* Exports are mainly of commodities, raw materials and manufactured goods.

Source: Government of Pakistan, *Pakistan Economic Survey* (Islamabad: various issues).

imported from the Western countries, particularly industrial goods and military hardware. Since the decline of US military supplies to Pakistan, the country has been obliged to buy spare parts for cash in order to keep up the stock of hardware acquired in the wake of imperialist activity in the area. This rising trend in the import bill continued in 1974-75, when another 60% rise in imports was noted. Exports declined in 1974-75, but picked up a little in 1975-76. The most significant fact is that, while imports rose, export earnings declined or remained stagnant. The earnings from the export of labour power increased at a faster rate, paying for the import bill and reaching the same level as commodity exports. In 1977-78 foreign remittances amounted to 95.6% of commodity exports, and paid 44.5% of the total import bill.

Two crucial elements contribute to Pakistan's dependence: (a) the rising negative balance of trade, especially with the capitalist bloc, and (b) the debt trap, which in the circumstances is inevitable. These trends are illustrated in Tables 8.4 and 8.5. Note that by 1977-78 Pakistan was paying nearly 20% of its total foreign exchange earnings in debt services. If foreign remittances are excluded, this figure represents 38.2% of commodity exports. The labour power of overseas Pakistani workers is paying a large portion of acquired debts. Without that alternative the capitalist world can either declare Pakistan a bankrupt country, not worthy of any future credits, or take over customs revenues for regaining the credit loans advanced.⁷ Related to this situation is the adverse balance of trade figures. Over the years, Pakistan as a client state was obliged to import machinery and military hardware under tied loans.

However, with the decline in this clientship and lowering of credit loans,

Table 8.3

Per Capita Foreign Remittances as a % of Per Capita Income, 1971-78

<i>Year</i>	<i>Per capita foreign remittances (\$)</i>	<i>Per capita income (\$)</i>	<i>Foreign remittances as % of per capita income</i>
1971-72	1.5	70	2.0
1972-73	2.22	84	2.6
1973-74	2.23	108	2.0
1974-75	3.28	136	2.4
1975-76	4.91	155	3.2
1976-77	8.03	189	4.2
1977-78	16.0	216	7.4

Source: Government of Pakistan, *Pakistan Economic Surveys* (Islamabad: various issues), and Tables 8.1 and 8.2.

the country is obliged to pay cash for its imports from its export earnings. With rising prices in North America and Western Europe, import bills have increased sharply, bringing the negative balance of trade to higher levels each year. In 1977-78, the adverse balance of trade reached \$1.5 billion, compared to \$473.4 million in 1973-74. As a consequence of the slow growth in exports in 1977-78 commodity exports covered only 46% of the import

Table 8.4

Debt Service Ratio 1971-78

<i>Year</i>	<i>Total foreign exchange earnings* (\$m)</i>	<i>Total debt payments (\$m)</i>	<i>Debt as % of total foreign exchange earnings</i>
1971-72	819	122	14.9
1972-73	1,065	193	18.1
1973-74	1,388	197	14.2
1974-75	1,519	259	17.1
1975-76	1,813	407	22.4
1976-77	2,028	420	20.7
1977-78	2,911	375†	12.9

* Total earnings include foreign private remittances.

† The amount was net of rescheduling debts. It was estimated that \$500 million was rescheduled. Thus gross amount comes to \$875 million or 30% of the total foreign exchange earnings.

Source: *Pakistan Economic Survey* (Islamabad: 1977-78).

bills. Once again, foreign remittances came to the rescue, and combined earnings from commodity and foreign remittances covered 86.5% of the import bill. Thus there is constant pressure on the people of Pakistan to create extra foreign earnings from exported labour power in order to meet these obligations. The present government is even being pressured under international obligations to streamline the procedure for sending money from overseas workers by establishing efficient banking services and the like.

Another important factor in this dependency relationship is the import-export trade pattern with the capitalist world. In the colonial days, Great Britain usually ran deficits in the balance of trade with the Indian subcontinent. Cheap raw materials were imported for the British industries; manufactured goods were exported to the colonies, not in the same amounts, because the people were too poor to buy the goods. The surplus was paid out to the British administrators in very high 'home charges'; this and other arbitrary methods, further depleted the funds. Now the situation is reversed. With the terms of trade usually against raw materials, like cotton and jute, Pakistan was obliged to pay more for its imports and received less and less for its exports. This has reached a point where Pakistan now receives over 60% of its total imports from the capitalist bloc (North America, Western Europe, Japan and Australia) and sends only 35% of its exports to that area. Once again, it is the labour power of overseas Pakistani workers that pays for the deficits incurred in unequal commodity trade.

Within Pakistan the socio-economic consequences of manpower export are quite far-reaching. Foreign remittances are channelled through a centralized system, whereby the state acquires the foreign exchange and remits the families of overseas workers in local currency. In theory, foreign exchange earnings are savings and so two things can happen to these remittances which would do no harm, and could actually be beneficial, to the families receiving them. First, foreign remittance receivers can import foreign goods for the same amount, and family members can buy these goods without creating pro-

Table 8.5
Balance of Trade and Foreign Remittances 1973-78 (\$ million)

Year	Balance of trade (commodities)	Foreign remittances	Foreign remittances as % of commodities balance of trade
1973-74	- 473.4	151.8	33.4
1974-75	-1,136.6	229.9	20.2
1975-76	- 977.3	353.4	36.2
1976-77	-1,286.0	590.8	45.9
1977-78	-1,468.0	1,225.8	83.5

Source: Government of Pakistan, *Pakistan Economic Survey* (Islamabad: various issues).

blems of trade balances or inflationary pressure. Second, foreign remittances, after being turned into local currency, can be utilized in investment goods, and family members could buy these goods without doing any damage to the economy. In practical terms, neither of these things happens. First, the state, after acquiring foreign exchange, pays back foreign debtors for past services, (and to some extent also increases its propensity to spend abroad on the government's behalf, with embassy expenditures to look after overseas workers, ministerial visits abroad, and initial travel expenses of workers, usually paid in foreign exchange). Thus, there is no import of equivalent goods. Second, the people of Pakistan are so poor that foreign remittances are not invested, but tend to be spent on consumer goods, particularly basic necessities like food and shelter. There is increased demand without higher

Table 8.6
Pakistani Exports, by Major Items (\$ million)

<i>Item</i>	<i>1974-75</i>	<i>1975-76</i>	<i>1976-77</i>	<i>1977-78*</i>
Cotton group	464.5	480.7	359.6	398.9
Rice group	232.7	250.4	245.5	191.7
Foreign private remittances	229.9	353.4	590.8	1,226.2
Total foreign earnings	1,519	1,813	2,028	2,509
Foreign remittances as % of total foreign earnings	15.1	19.5	29.1	48.9

* Estimate.

Source: Government of Pakistan, *Pakistan Economic Survey 1977-78* (Islamabad).

investment or import of goods. Rather, the prices of food and shelter have inexorably gone up.

The Social Consequences

Two classes have profited most from this process: the Pakistani landowning class, rural and urban, and the merchants in the big cities. This is a natural outcome in an economy where goods are scarce. Food production has not met the demand from the poor rural - urban population; on the contrary, some food items are being exported to the Middle East to meet the import bills. Under these circumstances, landlords have increased their profits by raising the prices of wheat and other food items. At the same time, in urban areas, where housing conditions are extremely bad and millions live in miserable conditions, some of the foreign remittance has created an extra demand

for housing and so urban landowners have made enormous profits. There is a superficial boom in the construction industry, but it has only increased the propensity to import, because Pakistan produces very little steel and other capital goods of the kinds required in building. As a consequence, house rents in major cities have increased sharply, and land prices have gone up dramatically.⁸

There is a wider gap in income distribution: the top level has increased its share; a small middle class has increased its ability to buy luxury goods, and this has also raised import bills. In 1971–72 the share of consumer goods was 22% of total imports. With the increase in foreign remittances during 1973–74 it went up to 40% of the total, where it remained in 1976–77. Foreign remittances constituted 7% of *per capita* income (see Table 8.3) having increased three and a half times from 1971–72, and so naturally the demand for goods and services has increased without any significant industrial or social progress. The lowest stratum, which has no way to increase its income, has become poorer, especially with the pressure of rising price levels. Real wages have gone down and overall the situation is getting worse.

On the social level, overseas migration has also meant that families are split: in the first instance only single people, not whole families, migrate. A migrant can save and remit more. In 1976–77 it was estimated that there were 5.5 million urban workers, including those in manufacturing plants. If there are 1.5 million overseas Pakistani workers, then 27.2% of the total urban force is abroad. Pakistan is also exporting many of its professional, skilled and semi-skilled labour, in whose training the local people have spent their resources. Within the country, the very poor, the elderly, women and children have increased in relative numbers, and rely for survival heavily on overseas family members or on begging.

The most obvious pressure on the Pakistani social structure is the demand for quick educational training in order to migrate. Middle-class students want to become professionals (physicians, engineers, etc.) to prepare themselves for earning abroad. It has been estimated that over 50% of physicians trained in Pakistan since 1960 are working abroad.⁹ This was not only 'aid' to North America, Britain and the Middle East, but a drain of local resources to educate these tertiary-trained people instead of improving elementary and secondary education in Pakistan. If one physician costs \$100,000 in the USA for training from post-secondary level, an export of 1,000 physicians from Pakistan is equivalent to \$100 million in aid to the United States — a drain of resources in the form of human capital.

The clear conclusion from the export of labour power from Pakistan is that the dependency relationship has increased at the world level. At first, it was direct clientship with the imperial United States, but in the 1970s there is a new sub-clientship with the Middle Eastern countries, themselves new client states of imperialism. Within the country, a *coterie* of military officers, landlords and businessmen—industrialists have increased their hold on the poor people of Pakistan. There is an increased disparity in income distribution, while the socially-conscious strata of the society (i.e. the edu-

cated few and many of the urban workers) are forced to migrate under socio-economic pressures. The result is an increase in the power of the Pakistani ruling class, which suits the rulers of the United States and its client states. Pakistani workers, both at home and overseas, have few rights, or none.

Future Prospects

The president of Massey-Ferguson, a North American-based multinational corporation, declared in the late 1960s that 'we have developed a deliberate, integrated approach to the world market, because for us the world is just that — a simple market'.¹⁰ The same corporation's vice-president elaborated:

In the legal or statutory sense the truly supranational corporation is not a reality at this stage of the evolution of international law. Nevertheless, within the framework and restrictions of national statutory requirements, there are companies operating internationally or multinationally like Massey-Ferguson that aim to run their affairs from a policy and strategy base that overrides any single national locus.¹¹

Since then, multinationals have become even stronger. With the integration of Western Europe and North America, common fiscal and monetary policies are devised for the capitalist bloc from time to time at meetings of industrial giants. Thus imperialism today is represented by the multi-nationals, who increasingly control the world's resources. At times, they have even controlled the affairs of nation states and have had a hand in overthrowing legal regimes.¹² From this perspective, if they control the production, labour is automatically controlled by them, and not by small nation-groups under the shadow of capitalism. Labour power is internationalized, and exploitation has reached its zenith — manpower is imported from the Third World cheaply to sustain surplus extraction, and, as a result, capitalist economies have retained a high rate of profit on the accumulated capital. It has been aptly pointed out: 'Whatever is good for the capitalistic ruling class system, can't be good for the masses of the people.'¹³

These general developments pose two interrelated questions for the prospects of revolution in the First World, the Third World and, indeed the world at large. First, with the internationalization of labour, the capitalists have created an industrial reserve army at the world level. This has helped them to widen their capitalistic expansion, prolonging imperialist control. It is possible to think that revolution within the First World has been further postponed. Second, by drawing out labour power from the Third World, the *direct* and politically obvious penetration of imperialists in the Third World has been considerably reduced. Capital investment is being undertaken in the *semi-periphery* and not in the pauperized Third World. After all, the capitalists also want consumers to buy their industrial products, and this is not

possible in the poor Third World countries. Besides, industrial labour is growing only very slowly in these countries; while the emigration of socially-conscious workers has further reduced the working class's potential for organizing revolt against the privileged classes.¹⁴ The question to be asked now is this: What has labour export done to the prospects of revolution in individual Third World countries, with this slowing-down of structural changes? At the same time, within the imperialist countries, the ruling classes have kept real wages low for the workers; they have also produced a hierarchy of labour. This has weakened the class struggle within the industrial economies in Western Europe and North America. Division is intensified by the possibility of ethnic or racial conflicts between immigrant workers and workers native to a country. Karl Marx noted, on the 19th Century Irish immigration to Great Britain:

Every industrial and commercial centre in England now possesses a working class divided into two hostile camps, English proletarians and Irish proletarians. The ordinary English worker hates the Irish worker as a competitor who lowers his standard of life. In relation to the Irish worker he feels himself a member of the ruling nation and so turns himself into a tool of the aristocrats and capitalists of his country *against Ireland*, thus strengthening their domination *over himself*. . . . This antagonism is artificially kept alive and intensified by the press, the pulpit, the comic papers, in short, by all the means at the disposal of the ruling classes. This *antagonism is the secret of the impotence of the English working class*, despite their organization. It is the secret by which the capitalist class maintains its power. And that class is fully aware of it.¹⁵

We may sum up by observing that the case of Pakistan has shown that the main function of labour power export is to pay off past debts.¹⁶ This also means that past capital export from the imperialist bloc is accumulating capital at a higher speed, with surplus extraction from natural resources as well as from labour power of the Third World. This surplus extraction at the world level has increased the rate of capital accumulation at a faster rate than ever before, dividing the world into two camps: on the one side, the capital-rich US and its periphery in Western Europe; on the other, the reserve army of the unemployed and underemployed in the Third World.

Notes

1. Karl Marx, 'Forced Emigration', in Karl Marx and Frederick Engels: *Articles on Britain* (Moscow: Progressive Publishers, 1971), pp.161-5. Marx was referring to David Ricardo, one of the foremost political economists of 19th-Century England, who laid out the principles of

bourgeois political economy, in *On the Principles of Political Economy and Taxation* (1817), subsequently published in various editions, and now widely used in the teaching of economics.

2. The Marxian labour theory of value holds that in the long run capitalist production at the world level will suffer because of the lowering of profit, as the result of accumulated capital. Capitalism can survive only when the profit level (level of exploitation) can be maintained at the compound growth level. Once the profit level stagnates within a capitalist region, the capitalist goes all over the world to recover it: 'The need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must *nestle* everywhere, establish connections everywhere' (Marx and Engels in *The Communist Manifesto*). Thus, once labour reaches its limit of exploitation in a given region, the capitalist searches elsewhere to extract surplus by turning labour-power into further capital.
3. This is for two basic reasons: first, a skilled labour already has extra capital 'built in' by reason of his past apprenticeship, when he was paid far less than he actually produced; secondly, in the United States, technology is capital in the form of past (dead) capital built on exploitation. This capital extracts extra capital in less time than is required without technology (where dead capital is extracted only from labour power).
4. The vivid example of the 'American dream' being passed over to the dependent petty-bourgeoisie of colonial areas (dependencies) is the exodus of the (formerly South) Vietnamese commercial class during 1979–80. Without going in to the details of this exodus, it is clear that the international media openly announced that these people wanted overwhelmingly to go to the United States to work for their masters (many of them American officers, who are directors of the international corporations which employed these people and retained the dependency relationship).
5. Quoted in Pervez Ali, 'Emigration: boon or bane', *Viewpoint*, Lahore, 8 July 1979.
6. Feroz Ahmed, 'The New Dependence', Chapter 8 of this volume.
7. Once a country becomes administratively so weak that loans are not paid in time, but the region is still strategically and economically viable, an imperialist power tries to receive its debts by direct control of its revenue resources (basically extracted from the poor population by high consumer prices). This occurred in imperialist-dominated China and Egypt, for instance, during the 19th Century.
8. In present-day Pakistan, there seems to be a boom for the construction companies and real estate agents. Foreign remittances have created a demand for goods and housing from the previously deprived people, which ultimately increases profits for businessmen and traders through speculation, and for landowners who sell much-wanted land at exorbitant prices. As a result, a piece of land in Karachi for housing increased from an average of Rs. 50 to around Rs. 500 per square yard within the last five years.
9. For the migration of professionals, particularly physicians, who are so important in the development of social services in the Third World, see

- J.Z. Bowers and Lord Rosenheim (eds.), *Migration of Medical Manpower* (New York: Josiah Macy Jr. Foundation, 1971); particularly the chapter on Pakistan which shows the actual number of physicians who migrated over the years.
10. Quoted in Alfred Kamin (ed.), *Western European Labour and the American Corporation*, Bureau of International Affairs, Washington, DC 1970.
 11. Alfred Kamin, op. cit.
 12. ITT, (a US multinational) played a quite significant role in the overthrow of Salvador Allende's regime in Chile. See *Covert Action in Chile 1963-73*, Staff Report of the Select Committee of the US Senate, 1976, published by and available from the US Government Publications Office, Washington DC 1976.
 13. Bobby Seale, from his, *Seize the Time - The Story of the Black Panther Party*, quoted in Stephen Castles and Godula Kosack, *Immigration Workers and Class Structure in Western Europe* (London, 1973) p. 374.
 14. Castles and Kosack, op. cit.
 15. Ireland was the first labour hinterland for industrial Britain. Irish labour built the British railways in the same way as cheap European and Chinese labour built railways in North America, and as Pakistani workers are sustaining the textile industry of today's Britain with its labour-intensive economy. The false consciousness of superiority of the working class is exploited and perpetuated by the capitalists to carry on their subjugation, as Marx noted in his letter to S. Meyer and A. Vogt, on 9 April 1870 (reprinted in Marx and Engels, *On Britain*, Moscow: Progressive Publishers, 1962). This false consciousness is further exploited by bourgeois psychologists and other social scientists who make profit on race relations theories, etc., when in actual fact it is the relationship produced by the advanced capitalist mode of production in the imperialist region and its peripheries. In one way or the other, the working classes of both Western and Third World countries are kept under illusions of racial differences.
 16. The dependency of Pakistan's military-bureaucracy oligarchy on foreign remittances from overseas Pakistani workers is analysed in Jamil Rashid, 'Economy under martial law government in Pakistan - Emphasis on manpower export', a paper presented at the International Conference 'Pakistan in its Fourth Decade', organized by Deutsches Orient-Institut, Hamburg, in May 1980. It is forthcoming in their publication, 1982.

Part IV: The Shaping of Productive Forces

9. Industrial Concentration and Economic Power

Rashid Amjad

Introduction

Whereas the question of concentration of ownership of industrial assets has figured very prominently in both the economic and political history of Pakistan, unfortunately there are few published studies on the subject. The report of the Study Group¹ set up in 1963 by the then Finance Minister still remains a 'secret' document and even if it is now made available its results would be quite outdated. Also, the position of the monopoly houses has been drastically affected both by the separation of the Eastern Province of the country and the nationalization of certain industries and the banking and insurance sector by the Bhutto's regime.

The period on which this study principally concentrates is from 1959 — 70 but it has been extended to get an idea of the present position in 1974, for the industrial houses. Although the years 1959–70 have been taken as the beginning and end years principally because of data availability, they cover the most important and crucial part of Pakistan's industrial history. By 1959, the first stage of Pakistan's industrialization based on import substitution was over. The years 1959–70 then saw the unfolding of the second phase of Pakistan's industrialization based primarily on export-oriented growth and financed through large doses of foreign aid. By the end of the period, i.e. 1970, although Pakistan's performance in the economic field was considered by many to be 'remarkable', politically it stood on the threshold of a great disaster. The mass movement unleashed by the people of Pakistan in the winter of 1968–69 had led to the overthrow of the Ayub dictatorship and although another military regime gave some superficial stability to the situation, it was only a prelude to the events of the civil war and the delinking of the Eastern Province.

The period of this study, 1959–70, can therefore be taken as the years when private enterprise was at its pinnacle. It would never again be able to control and dictate the economic history of the country and find such ideal conditions to operate in as it had done during this period.

The present study tries not only to gauge the extent of the monopoly and control of the industrial houses over the country's economy but also makes an attempt to explain the growth of the monopoly houses during this period.

For this one has to look not only at the economic indicators which can explain growth but also at the political structure which existed and the exact role of the monopoly houses in this power structure. The 'purist' would perhaps feel that this falls beyond the scope of economics and goes into the realm of political philosophy and the theory of the state. But to ignore the structure of the state would be to study the problem in a complete vacuum and make it impossible to gauge the real factors responsible for the growth of industrial houses during this period.

This study is focused on:

1. the concentration of industrial assets and sales—1959 and 1961;
2. the situation regarding the concentration and position of houses in 1970, and comparison of the position in 1970 with that which existed in 1959;
3. the control of industrial houses over financial institutions;
4. the situation as it has emerged after the creation of Bangladesh and the nationalization in the industrial, banking and insurance sectors introduced by the present government;
5. the position of monopoly houses in the state power structure.

The Position of Industrial Houses: 1959 and 1961

The starting point of this study has been taken as 1959, which was the beginning of the second phase of Pakistan's industrial growth. Also, it represents a political watershed in Pakistan's history as the government had been taken over by a military dictatorship in October 1958, which had the active and open support of the western world, especially the United States.

The story of Pakistan's first phase of industrialization is well known. Starting off with no industries at all, Pakistan in the fifties followed an industrial strategy of import substitution after it had opted for import controls after the collapse of the Korean boom. Traders who had made large profits during the boom invested in industry, principally in textiles, where the rate of return was extremely high and initial investment was recovered within nine to twelve months.² The major source of industrial investment was the high profits which were reinvested in industry.³

This boom of industrial growth began to slow down in the late fifties principally for two reasons. First, the initial growth had been a result of the internal market created through import restrictions, and in the event of there being no growth of the internal market (owing to a stagnant agriculture and declining wage rate), it had to be a 'once and for all effect'. Once the market was exhausted, possibilities of growth were limited. Secondly, in an economy which is dependent on imports of machinery, the growth of investment is limited by foreign exchange earnings. Once the foreign exchange constraint begins to become effective (especially if agriculture is stagnating and food-grains have to be imported), then it becomes extremely difficult for industria-

lists and other potential investors to convert Rupee resources in their hands into industrial investment. By the late fifties both these factors had become increasingly important. Also, the rate of profit declined especially because of new entrants and the resulting increase in competition. Wages, which had been falling throughout the fifties, were now leading to increasing industrial unrest as labour applied pressure to increase the wage rate.⁴ All these factors were, therefore, contributing to the slowing down of industrial growth and signalling the end of the first stage of the industrialization process in the country.

The end of the fifties is, therefore, a very appropriate time to take stock of the situation and to see this exceptionally high rate of industrial growth in relation to the concentration of ownership and control which accompanied it.

This task has been simplified to a considerable extent because of an exhaustive survey of industrial assets in Pakistan carried out by G. Papanek, which formed the basis of his book *Pakistan's Development: Social Goals and Private Incentives*. His study, however, suffers from two major defects. First, in looking at concentration he does not give separate breakdowns for the two provinces, i.e. East and West Pakistan, and secondly, he does not actually identify the big industrial houses.

Unfortunately, the data available is only for quoted public limited companies and that too is for 1961. Since it excludes companies not quoted on the stock exchange but under the control of industrial groups, it underestimates the assets of the houses, and therefore, the extent of concentration. A comparison of quoted companies for 1961 with those included in Papanek's study shows that as far as the top seven houses were concerned, the quoted companies represent almost 80% of total assets under their control, but our data underestimates control of the other ten houses by about 35% of

Table 9.1

Distribution of Control in Private Industry, 1959, East and West Pakistan (Million Rupees)

<i>Industrial Assets Controlled</i>	<i>Number of Houses</i>	<i>Total Industrial Assets*</i>	<i>% of all Private Industrial Assets</i>	<i>Total Industrial Sales</i>	<i>% of all Private Industrial Sales</i>	<i>Non-Industrial Assets</i>	<i>Non-Industrial Sales</i>
10-19	23	340	7.7	400	7.6	30	250
20-29	13	310	7.0	210	4.0	90	80
30-49	8	340	7.7	350	6.6	10	50
49-99	9	610	13.8	510	9.7	110	610
100 and Over	7	1,080	24.4	820	15.6	460	120
<i>Total</i>	<i>60</i>	<i>2,680</i>	<i>60.6</i>	<i>2,290</i>	<i>43.5</i>	<i>700</i>	<i>1,110</i>

*Assets include reserves.

Source: G. Papanek, *Pakistan's Development: Social Goals and Private Incentives* (Oxford University Press, 1967) p.33.

their assets.

Papanek's Study on Concentration of Industrial Assets

The distribution of control in private industry on an all-Pakistan basis is given in Table 9.1 for the year 1959. Sixty industrial groups (out of a total of almost 3,000 firms) controlled 60.6% of all private industrial assets and 43.5% of all private industrial sales. Out of these sixty, seven only controlled 24.4% of total private industrial assets and 15.6% of total private sales of the industrial sector. These seven are: Adamjee, Dawood, Saigol, Valika, Colony, Fancy and Bawany. (The names are given in a descending order according to net assets owned.) The next nine industrial groups, i.e. those with assets of more than Rs 50 million but less than Rs 100 million, controlled 13.8% of assets and 9.1% of sales of the private corporate sector. We have not been able to exactly identify these houses but they were from the following twelve houses: Fateh, Crescent, Isphani, Beco, Wazir Ali, Hussain, Amins, Nishat, Karim, Habib, Hyesons and Hoti. If we include the next eight industrial groups (assets less than Rs 50 million), we get the figure of 24 industrial houses owning 45.9% of private industrial assets and 31.9% of sales in the corporate sector.

Industry-wise concentration showed that in the case of cotton textiles the fourteen largest houses accounted for 52.3% of total assets. For jute, we had an extremely high concentration, with only five houses controlling 84.6% of total assets. In the case of sugar and the edible oil industry, four houses accounted for 55.6% and 20% of all assets respectively.⁵

The Position in 1961

Both in order to make our study comparable with the 1970 data and also to identify the industrial houses as well as the breakdown of their assets and sales for different industries, we have used the earliest figures available to us from balance sheets of joint stock companies quoted on the stock exchange. The first year for which they are available to us is 1961, and therefore we have taken this as the starting point of the study of concentration as measured by the companies owned by the industrial houses and quoted on the stock exchange.

The seventeen industrial houses covered by us have been subdivided into three groups according to the industrial assets controlled by each. Out of these seventeen houses, the five large houses defined as those with assets of more than Rs 50 million (the 'big five') accounted for 66.5% of the total industrial assets of these houses and 61.8% of their sales. The dominating position of these five houses, Adamjee, Dawood, Saigol, Valika and Colony, is therefore, quite apparent. The next six with assets between Rs 25 million and Rs 49 million (Fancy, Bawany, Fateh, Crescent, Isphani and Beco) accounted for 17.6% of industrial assets and 22.3% of sales of the seventeen houses. The last six, with assets between Rs 10 and Rs 24 million, Wazir Ali, Hussein, Amins, Nishat, Karim and Hoti, accounted for 15.9% of assets and also 15.9% of sales.

Concentration as Determined by Quoted Companies

Since our study is restricted to quoted companies, we have first seen the position of the seventeen houses in relation to the total quoted corporate sector in Pakistan. These seventeen houses accounted for almost 50% of the gross fixed assets (at cost) of all quoted companies. Out of these seventeen, the dominating position of the big five can be seen from the fact that they accounted for 32.1% of the total assets. In relation to sales, these seventeen accounted for 53.2% of total sales of the quoted corporate sector and the big five accounted for 32.9%.

Since the quoted companies represented only about 34% of sales of the large scale manufacturing sector,⁶ we would like to see the result of the quoted companies of the industrial houses in relation to the total large-scale manufacturing sector in Pakistan. Here, keep in mind that although the amount of assets of our top seven houses are very near the figures calculated by Papanek, our figures for the next nine underestimate their actual holdings because of the exclusion of their non-quoted companies.

The other problem for working out the concentration for 1961 is that the Census of Manufacturing Industries (CMI), which is the basic source material for the industrial sector, was not available for the years 1960-61 and 1961-62. We therefore have had to calculate figures for the large-scale manufacturing sector as well as its industry-wise breakdown, according to the extension of the trend of sales as given by the 1959-60 figures, and taking into account the index of industrial production and changes in the price level.

Our results for the concentration of ownership of industrial assets show that the seventeen industrial houses accounted for almost 30% of gross fixed assets at cost and 20% of the total sales of the large-scale manufacturing sector. Industry-wise concentration of production showed that in the case of cotton textiles, ten houses accounted for 46.3% whereas in the case of jute (5 houses) the figure is extremely high, almost 80%. In the case of the paper industry (2 houses) the figure is also 80% and in the case of sugar (2 houses) the figure is 21.6%. For textiles and jute, our figures are quite near those of Papanek. The province-wise breakdown of the houses showed that thirteen houses with assets in West Pakistan controlled 30% of assets and 20% of sales of the large-scale manufacturing sector. In the case of cotton textiles, the largest industry in the province (contributing 30% of total value added in manufacturing), nine houses accounted for almost 50% of total production and the big five for 37.3%. The important position held by the Saigol Group can be seen from the fact that they controlled 15% of the total production of cotton textiles in West Pakistan. In the case of sugar, two houses, Saigol and Hoti, accounted for 36.5% of total production.

For East Pakistan, the six houses with assets in the Province (Adamjee, Dawood, Bawany, Isphani, Amin and Karim) controlled over 40% of total assets and 32% of the production of the large-scale manufacturing sector. Three houses (Adamjee, Isphani and Amin) accounted for 69.1% of total jute production, Adamjee holding the dominant position with 48.9%.

Industry-wise Breakdown: The industry-wise breakdown of production for the industrial houses reflects the nature of industrial development in the country with its major emphasis on textiles and the jute industry. Of the total production of these seventeen houses as much as 80% was in textiles and jute with the former accounting for 50% and the latter 29%. Heavy industries in the form of engineering and steel accounted for less than 5% of the total. Paper contributed 6.8% and shipping, sugar, gas and others accounted for the rest, about 10%. With the exception of four houses (Beco, Wazir Ali, Fancy and Hoti), all the rest were principally engaged in the production of cotton textiles and jute manufactures.

In East Pakistan, the production of the six houses was concentrated in the jute industry and accounted for 81.5% of the total. Paper contributed 14% and cotton textiles and shipping 3% and 2% respectively. For the thirteen houses in West Pakistan, the major contribution was by cotton textiles, which was 71% of total production and, if other textiles are included, 75% of the production of the thirteen houses come from this industry. Besides textiles, the only other major industry was engineering, with 7.9% of total production of the thirteen houses. This was followed by sugar, which was 6.4%.

Province-wise Breakdown: The provincial breakdown of the assets of these houses is of considerable importance especially after the break-up of the country when these houses lost the assets that they owned in East Pakistan. Also, since the basis of the question of regional disparity was the uneven industrial development of the two provinces, the investment of the industrial houses in East Pakistan must form a very important part of any study on the monopoly houses.

We find that for the seventeen houses covered by us, 64.8% of their assets were located in West Pakistan. Six of the seventeen had assets in East Pakistan and out of these, four (Bawany, Amins, Isphani and Karim) had their entire holdings in East Pakistan. The other two houses, Dawood and Adamjee, had 50.3% and 51% of their total net assets located in East Pakistan. It is interesting to note that among the big five, Saigol, Valika and Colony Groups had no investment in East Pakistan. Since the major form of investment by the industrial houses in East Pakistan took place through the government-sponsored Pakistan Industrial Development Corporation (PIDC) (which after establishing an industry transferred assets to the private sector), it showed that the industrial houses were still shy of investing in East Pakistan, and felt their profits were more secure in West Pakistan.

Background of the Industrial Elites

The question of the background of the industrial elite which emerged in the fifties has been of considerable interest not only to economists but also to sociologists, especially since it highlights the role of 'minority' communities in the industrialization process.

In this study, however, we have not studied in great detail the background

of the emerging industrial elites except to show that the majority of these entrepreneurs belonged to minority communities which had migrated to Pakistan at the time of Partition.

The background of the industrialists according to their community, family origin/area and pre-1974 business headquarters is given in Table 9.2.

For the families for which we have been able to get this information, the most striking feature is the preponderance of minority groups such as the Memons, Bohras and Khojas, who had migrated from India mostly from Kathiawar and had experience in trade before Partition. The two Punjabi families in the big five, Saigols and Colony, came from the areas of Chakwal and Chiniot. The Saigol Group before Partition had been engaged in a small business in Calcutta, whereas the Colony family was a well established business house even before Partition.

Table 9.2
Background of Industrial Families

<i>Industrial House</i>	<i>Community</i>	<i>Family Origin/Area</i>	<i>Settled</i>	<i>Business Headquarters Location pre-1947</i>
Adamjee	Memon	Kathiawar/Jetpur	Karachi	Calcutta
Dawood	Memon	Kathiawar/Bentwa	Karachi	Bombay
Saigol	Punjabi Sheikh	W. Punjab/Chakwal	Lahore	Calcutta
Valika	Dawood/Bohras	Bombay	Karachi	Bombay
Colony	Punjabi Sheikh/ Chinioti	W. Punjab/ Chiniot	Lahore	Lahore
Fancy	Khoja Ismaili	Kathiawar	Karachi	East Africa
Bawany	Memon	Kathiawar/Jetpur	Karachi	Rangoon
Crescent	Punjabi Sheikh/ Chinioti	W. Punjab/ Chiniot	Lyallpur	Delhi
Beco	Punjabi	E. Punjab	Lahore	Batala
Wazir Ali	Syeds	W. Punjab/Lahore	Lahore	Lahore
Amins	Punjabi Sheikh	W. Punjab	Karachi	Calcutta
Nishat	Punjabi Chinioti	W. Punjab/ Chiniot	Lyallpur	—
Hoti	Pathan Landlord	Charsaddah	Charsaddah	Charsaddah
Fateh	Marwari	Gujrat	Karachi	—
Ishpani	—	Iranian	Karachi	Calcutta
Karim	Bohras	Bombay	Karachi	—

Sources: (i) G. Papanek., op. cit., p. 49.
(ii) H. Papanek, 'Pakistan's Businessmen', *Economic Development and Cultural Change*, 12, 1 (October 1972).

From the background of the industrialists, two important questions

arise. The first concerns the almost complete absence of any representative of the feudal class (with the sole exception of Hoti) in this group. Second is the question of how this small minority was able to place itself in a position to get the most favourable conditions to grow in and, more importantly, conditions which were definitely unfavourable to the agricultural sector.

An attempt is made to answer these questions in the section dealing with the role of industrial houses in the state power structure. It is believed that it was the partnership between the bureaucracy and the capitalists which made such a situation possible. The rise to power of the bureaucracy, according to this theory, was made easier by the political instability which manifested itself in the very frequent changes of the government during the period preceding the military *coup*. The infighting among the feudalists themselves both weakened their position *vis-a-vis* the bureaucracy as well as made it difficult for them to take a united stand on economic issues against the industrialists.

Factors Contributing to the Growth of Industrial Houses in the Fifties

Of the causative factors that can explain the growth of industrial houses and the concentration of industrial assets, the following stand out as the most important.

The first was clearly the sheer momentum of the start. This was especially true of Gujrati and Chinioti capital and other groups who migrated from India and invested in commerce where it multiplied during the Korean boom. These profits were then converted into industrial capital when the latter became very profitable after import restrictions had been placed by the government. The dominant position that these groups acquired during this time increased their monopolistic control later.

Secondly, the conditions under which they invested could not have been more favourable. The rate of profit was so high that they were able to recover their investments within six months to one year. These profits were then ploughed back into new investments.

Also, the rate of savings of this group, at least in the initial stages, was very high and it formed the main source of funds for investment in the fifties. Nulty, in his study on savings and income distribution in Pakistan, has also argued that in their desire to establish themselves, the newly emerging industrial class reinvested a very large portion of their profits.⁷ By this process of reinvestment, they further strengthened their positions.

Also, it must be remembered that those who first entered a field and established themselves had a clear advantage over newcomers. They were in a much better position to put pressure on and influence the government and the bureaucracy to give them licences, permits, etc.

Thirdly, not only did the government create ideal conditions for industrial investment, it also directly associated itself with the private sector in setting up industries for them. The role of the Pakistan Industrial Development Corporation (PIDC) in this regard is unique. Pakistan was among the few

countries. where the public sector industries were as such actually 'sold' to the private sector after they had been set up.

The PIDC started its operation in 1952. From the very beginning there was such a close link between the industrial houses and the PIDC that there are some who have grave doubts whether it can be considered as a government organization or merely a 'front' for the private sector. On its Board of Directors were four of the members of the leading industrial houses, Isphani, Naseer A. Sheikh (Colony), Adamjee, and Syed Amjad Ali (Wazir Ali Group). Clearly the objectives of such an organization could be none other than were stated in its constitution: 'The primary objective of the PIDC Act is the promotion and *not the state ownership* of the industries. The Corporation is expected to associate private capital and transfer its share capital to private investors as and when practicable' (emphasis added).

It was through its policy of disinvestment in projects already established that the PIDC played a crucial role in establishing some of the major industrial houses, especially in East Pakistan. Adamjee, Dawood, Amin, Crescent, Isphani and Karim were all beneficiaries of the disinvestment policy of the PIDC in East Pakistan. In the case of West Pakistan, Saigol bought the Jauharabad Sugar Mill from the PIDC whereas Dawoods took over Burewala Textile Mills from the government.

The exact degree of dependence on the PIDC for the building up of their assets differed for different houses, (see Table 9.3). Adamjee, which emerged as the biggest industrial house at the end of the fifties and established its dominating position in the jute industry, did so clearly through association with the PIDC. Similarly, Isphani, Bawany, Karim, Amin and Crescent Houses all set up their jute mills in association with the PIDC. Dawood, the second largest house, also got its two main mills this way, one from the PIDC and the other from the government in West Pakistan, namely, Karnaphully Paper and Burewala Textile Mills. In the case of the Saigol Group only a small portion of their assets, i.e., the Jauharabad Sugar Mill, was acquired from the PIDC.

Finally, one factor which clearly influences the emerging industrial structure is the size of the initial investment required to set up a modern industry. Certain economists like Mehrav⁸ have emphasized the interconnection between the technological dependence of underdeveloped countries on the advanced industrial nations and the emergence of a monopoly structure. Since Pakistan also had no indigenous capital goods industry and imported its machinery, it was, therefore, completely dependent on the imported technology of the advanced industrialized countries. The large scale of production and the small size of the domestic market meant that, at least for quite some time, a few and in many cases a sole producer would dominate the market. Also, it meant that only those who could raise the large amount of capital investment required to set up the plant could actually hope to enter the market. This was even more important in the fifties, since the financial market for raising share capital or borrowing from financial institutions was still not developed.

This is also confirmed if we see the actual number of factories in the control of the large industrial houses. In no case did they have more than half a dozen factories, and in most cases it was far less than this number. The size of these units, by international standards was not very large but the small market they were catering for gave them a very strong hold over the market.

In brief, by the end of the fifties, Pakistan had achieved remarkable

Table 9.3

PIDC's Total Amount Disinvested in Favour of Industrial Houses, upto June 1962 (Million Rupees)

<i>Group/ Companies</i>	<i>Amount</i>	<i>% of each Group</i>	<i>% of Total Disinvestment by PIDC</i>
1. Amin Group			
Amin Jute Mills	20.00	7.0	5.0
2. Adamjee Group			
(i) D.D.T. Factory, Nowshera	3.02		
(ii) Adamjee Industries	30.00		
(a) Adamjee Chemical Works			
(b) Adamjee High Grade Board Paper Mill, Nowshera.			
(iii) Adamjee Jute Mills	75.00		
<i>Adamjee Group Total</i>	<i>108.02</i>	<i>37.9</i>	<i>27.2</i>
3. Bawany Group			
Latif Bawany Jute Mills	7.50	2.6	1.9
4. Dawood Group			
Karnaphully Paper Mills	65.90	23.1	16.6
5. Fancy Group			
(i) Karachi Gas Company	15.00		
(ii) Peoples Jute Mills Ltd.	20.00		
<i>Fancy Group Total</i>	<i>35.00</i>	<i>12.3</i>	<i>8.8</i>
6. Isphani Group			
Chittagong Jute Mfg.	12.50	4.4	3.1
7. Nishat Group			
Nishat Jute Mills Ltd.	4.08	1.4	1.0
8. Saigol Group			
Jauharabad Sugar Mill	10.85	3.8	2.7
9. Karim Group			
Karim Jute Mills	7.50	2.6	1.9
10. Hoti Group			
Charsaddah Sugar Mills	13.80	4.8	3.5
<i>Grand Total</i>	<i>285.15</i>	<i>100</i>	<i>71.7</i>

Source : PIDC Annual Reports.

progress in the industrial field, by having one of the highest growth rates in the world.⁹ But this brought a monopolistic socio-economic structure into the country. A small percentage of the firms, owned by a handful of families, controlled a major portion of the market. In the two major industries, cotton textiles and jute, these families had a dominating position. Only five houses controlled almost 80% of the production of jute manufactures and ten houses accounted for almost 50% of the production of cotton textiles. That almost all these families had no industries at all less than ten years before, meant that the industrialization process had produced a new power group within the country which exerted considerable influence and which was to play a crucial role in the future course of events.

The Structure of the Corporate Sector, 1970

The Ayub era, and with it some of the policies pursued in the previous decade, ended in 1970. The winter of 1968–69 had seen the outbreak of a mass movement, almost a 'mini-revolution', against the regime spearheaded by the Pakistan Peoples Party in West Pakistan and the Awami League in East Pakistan. Among basic factors underlying this mass movement was not just the political bankruptcy of the Ayub regime but more importantly the deteriorating economic conditions of the vast majority of the people living in the country. The falling living standards of the people, increasing inequalities in income, extreme concentration of wealth and the growing regional disparity between the two wings of the country all contributed towards the overthrow of the Ayub government.

The existence of the extreme concentration of wealth in the industrial, banking and insurance sectors was expressed in the popular slogan of the 'twenty-two families' which echoed throughout the land. It signified the people's resentment against the capitalist class which they maintained had not only 'exploited' the working classes in amassing their wealth but had also through their conspicuous consumption wasted the country's resources. This slogan was used extensively by all political parties in their campaign against the Ayub regime to discredit the economic system it had created. It also figured prominently in the manifestos of almost all the political parties which promised nationalization of banking and insurance and of certain key industries.¹⁰

The talk of the 'twenty-two families' owes its popularity to a speech in April 1968, made by Mahbub-ul-Haq, then Chief Economist of the Planning Commission, at a meeting in Karachi in which he claimed that twenty-two families owned 87% of the banking and insurance and 66% of the industrial assets in the country.¹¹ Mahbub-ul-Haq, however, never published the study on which these figures were based.

It is generally believed that Haq reached his conclusions on the basis of the report of the Study Group set up by the government in 1963 to look into the question of monopolies in Pakistan. This report, which was a very

closely guarded secret ever since it was completed in 1966, was made available to Haq in 1968 when he was in the process of working on the draft of the Fourth Five-Year Plan. He used the results of this study to drop the bombshell of the twenty-two families in 1968.

Unfortunately, the report of the Study Group still remains a secret and those associated with its production are still afraid to show it. However, private conversation with those who were associated with the report confirms that it was based only on quoted companies. Even if the report were now made available, its results would be only pertinent to the situation in 1964 and there was considerable growth in the industrial sector till 1970.

Two questions are explored in our study. First, what was the extent of concentration in 1970? Second, how did this situation compare with that in 1959 and 1961?

Concentration of Ownership of Industrial Assets

In Table 9.4, we show the extent of concentration by size of house for Pakistan for the year 1970, separately for companies quoted on the stock exchange at Karachi, all non-financial companies, and solely manufacturing companies. Then, after adding the non-quoted companies, by size of houses, concentration in terms of the entire large-scale manufacturing sector in the country is shown.

Our results show that for Pakistan in 1970, quoted companies of forty-one industrial houses controlled almost 80% of the private domestic assets of both non-financial as well as manufacturing companies quoted on the Karachi stock exchange. If we include government and foreign owned companies, this control decreases to 50% for all non-financial and 70% for all manufacturing companies. The difference in these two figures is due to the fact that government and foreign-owned companies were mostly engaged in non-manufacturing activities.

In terms of the total large-scale manufacturing sector¹² in the country forty-four industrial houses controlled over 52% of all private domestic assets and 37% of all assets (i.e. including government and foreign owned). The fifteen large industrial houses with assets of more than Rs 100 million accounted for 36.4% of private domestic assets and over 25% of total assets in the large-scale manufacturing sector. These figures clearly show the dominance of these industrial houses over the manufacturing sector and the extent of industrial concentration in the country.

Province-wise breakdown of assets of the forty-four industrial houses, of which sixteen had assets in East Pakistan and three were solely based in that province, is also given in the same table. The control of the industrial houses for manufacturing companies, listed on the Karachi stock exchange and located in the two provinces was 80% of all assets for East Pakistan and 80% of private domestic assets for West Pakistan. In the case of the former province of East Pakistan, there were no government-or foreign-owned — manufacturing companies quoted on the stock exchange.

For the entire large-scale manufacturing sector in West Pakistan, forty-one

Table 9.4
Percentage Control of Assets* by Size of Houses

Size (million Rupees)	Non-Financial Companies Listed on KSE †				Manufacturing Companies Listed on KSE				Large-Scale Manufacturing Sector			
	Number (Houses)	All	Private	Domestic	Number (Houses)	All	Private	Domestic	Number (Houses)	All	Private	Domestic
Pakistan												
Over Rs 100	14	36.0	49.6	56.1	13	47.5	49.1	55.2	15	25.6	32.7	36.4
Rs 50-100	14	10.0	14.7	16.6	14	15.6	16.2	18.2	15	7.9	10.1	11.2
Less than 50	13	4.0	5.5	6.2	14	6.4	6.6	7.4	14	3.2	4.1	4.6
Total	41	50.0	69.8	78.9	41	69.5	71.9	80.8	44	36.7	46.9	52.2
West Pakistan												
Over Rs 100	11	29.6	44.2	51.6	10	40.4	42.3	49.4	10	24.8	28.0	31.1
Rs 50-100	12	10.1	15.2	17.7	12	16.0	16.7	19.5	13	10.5	11.9	13.2
Less than 50	16	5.6	8.4	9.9	17	9.6	10.0	11.8	18	6.4	7.2	8.0
Total	39	45.3	67.8	79.2	39	66.0	69.0	80.7	41	41.7	47.1	52.3
East Pakistan												
Over Rs 100	5	53.8	53.8	55.1	5	57.6	57.6	57.6	5	18.9	31.6	45.1
Rs 50-100	3	11.7	11.7	11.9	3	12.6	12.6	12.6	4	4.8	8.1	9.0
Less than 50	6	9.3	9.3	9.5	6	10.0	10.0	10.0	7	4.0	6.6	7.3
Total	14	74.8	74.8	76.5	14	80.2	80.2	80.2	16	27.7	46.3	51.4

*Gross Fixed Assets (at cost).

† Karachi Stock Exchange.

Source : See Appendix A.

Table 9.5
Percentage Control of Production by Size of Houses

Size (Rupees million)	Non-Financial Companies Listed on K.S.E.				Manufacturing Companies Listed on K.S.E.				Large Scale Manufacturing Sector			
	Number (Houses)	All	Private	Domestic	Number (Houses)	All	Private	Domestic	Number (Houses)	All	Private	Domestic
Pakistan												
Over Rs 100	14	33.0	37.7	53.7	13	37.8	38.4	51.7	15	18.3	20.2	24.4
Rs 50-100	14	12.4	14.2	20.2	14	16.6	16.9	22.7	15	7.3	8.1	9.8
Less than 50	13	5.0	5.7	8.2	14	7.6	7.7	10.4	14	3.6	3.9	4.8
Total	41	50.4	57.6	82.1	41	62.0	63.0	84.8	44	29.2	32.2	39.0
West Pakistan												
Over Rs 100	11	27.5	32.3	47.7	10	29.7	30.3	43.8	10	15.0	15.5	18.8
Rs 50-100	12	11.7	13.8	20.4	12	15.9	16.2	23.4	13	8.7	9.0	10.9
Less than 50	16	6.1	7.1	10.5	17	10.5	10.7	15.5	18	5.9	6.1	7.5
Total	39	45.3	53.2	78.6	39	56.1	57.2	82.7	41	29.6	30.6	37.2
East Pakistan												
Over Rs 100	5	50.2	50.2	60.6	5	62.9	62.9	62.9	5	18.3	24.8	29.6
Rs 50-100	3	12.3	12.3	14.9	3	15.5	15.5	15.5	4	5.3	7.2	8.6
Less than 50	6	9.3	9.3	11.2	6	11.7	11.7	11.7	7	4.2	5.7	6.8
Total	14	71.8	71.8	86.7	14	90.1	90.1	90.1	16	27.8	37.7	45.0

Source : See Appendix A.

houses accounted for 41.7% of industrial assets and 52.3% of the private domestic assets. Of these, the ten large industrial houses controlled 24.8% of all assets and 31.1% of the private domestic assets. In East Pakistan, the sixteen industrial houses accounted for 27.7% of all industrial assets and over 51% of all private domestic assets. The reason for this large increase in concentration if we take only the private sector is because a very large portion of industrial investment in that province was undertaken by the government.

The province-wise breakdown of assets for 1970 shows that most of the industrial houses were still concentrated in West Pakistan. Out of the forty-one West Pakistan-based industrial houses, only thirteen had assets in the Eastern province. This shows that industrial houses were still shy of the East Pakistan market, but the fact that sixteen houses controlled over half of all private domestic assets brings out the fact that the industrial sector was clearly dominated by them.

Control of Industrial Houses over Production

The exercise carried out in the previous section to determine the control of monopoly houses over assets is now repeated in terms of their control over total production in the manufacturing sector. The exercise is necessitated not only because estimates of total assets are not very reliable but also because of excess capacity in the industrial sector, especially in the intermediate and capital goods industry. Whereas results do not show any great change in terms of assets and sales for both non-financial and manufacturing companies quoted on the stock exchange, there arises considerable difference for the

Table 9.6

Percentage Control of Important Industries by Value Added — West Pakistan.
Total Large-Scale Manufacturing 1970

Cotton Textiles*	15.2
Sugar	6.3
Cement	1.6
Chemicals	1.6
Paper and Board	0.9
Automobile Engineering	0.8
Machinery	0.7
Steel	0.5
Electrical	0.3
Miscellaneous	5.0
<i>Total</i>	<i>32.9</i>

Note : *For example the Industrial Houses' control of production of cotton textiles was 15.2% of total value added in the large-scale manufacturing sector.

Source :

entire large-scale manufacturing sector for all of Pakistan as well as for West Pakistan. In terms of production for all Pakistan, the forty-four industrial houses controlled 29.2% of the large-scale manufacturing sector as compared to the figure of 36.7% for assets. In West Pakistan the control of forty-one houses was 29.6% for production as compared to 41.7% for assets. In the case of East Pakistan, however, there was no difference between the two figures, showing that the difference arose only for West Pakistan.

Since production might not be considered as a very reliable measure of control, we have also seen it in terms of value added for West Pakistan (Table 9.6). Our results show that in terms of value added, the 41 houses in West Pakistan controlled 33% of the large-scale manufacturing sector as compared to 29.6% for production, but the figure is still far less than that of 41.7% for assets.

This difference does show that concentration as measured by control over assets even by the far more accurate method of actual investment estimates (rather than the very unreliable CMI estimates) tends to overestimate the extent of actual control of the industrial houses over the economy. This might be either due to large amount of excess capacity in certain industries, for example chemicals, and also because of the much higher capital-output ratio of these industries. Concentration as measured by production, though less, still shows the dominant position of the industrial houses over the economy.

Monopoly Control over Industrial Products

Concentration of industrial production for different products has been treated separately for the two provinces as they were for all practical purposes two independent markets because of the distance between them.

In Table 9.7 the percentage control over industrial production in West Pakistan for the major industries is given both for the four major producers as well as for all the forty-one houses. We find that in the case of sugar, cement, paper and board, automobile engineering and machinery, more than one-third of total production was controlled by four or less houses. In the case of cotton textiles, it was also quite high — 27.7%. In terms of all the forty-one houses, they controlled more than 50% of the production of cotton textiles, sugar, paper and board, automobile engineering and the machinery industry.

Did the control over the production of these products, in some cases by just a few houses, lead to monopoly practices by them? Concentration can imply that there existed favourable conditions for collusion and monopoly practices by the producer rather than the fact that it was actually being practised. All evidence, however, does point to the fact that they did engage in restrictive practices such as market sharing, limiting production and charging higher prices. This was especially so in the cement and sugar industry. In the case of the latter, the sugar shortages resulting in high prices played a prominent part in the anti-Ayub agitation, especially since one of the largest producers was Ayub's Commerce Minister. In the case of textiles, for example,

mills are reported to have forced buyers to take printed cloth along with grey cloth.

In the case of the East Pakistan market we find that the top four houses controlled 57.1% of all jute production in the province and for the seven houses, this figure increases to 68.7%. In cotton textiles we find that the top four houses produced 20% and seven houses 30% of all production. In the case of products of petroleum and coal, a single producer dominated the entire market, and for paper and board one of the houses contributed 43.6% of all production. We, therefore, do find that for the major industrial products the industrial houses controlled a large share of their production.

Table 9.7

Percentage Control by Industry of Total Large-Scale Manufacturing

<i>Industry</i>	<i>4 Largest Producers</i>	<i>All 41 Houses</i>
<i>West Pakistan 1970</i>		
Cotton Textiles	27.7	58.1 (23)
Sugar	33.7	78.0 (13)
Cement	46.3	46.3 (14)
Chemicals (incl. Fertilizer)	9.7	17.8 (16)
Vegetable Ghee	22.8 (3)	22.8 (3)
Paper and Board	68.0 (2)	68.0 (3)
Auto Engineering	72.2	72.2 (4)
Machinery (Excl. Electrical)	57.8 (1)	57.8 (1)
Steel	19.4 (2)	19.4 (2)
Electrical	10.2 (2)	10.2 (2)
<i>East Pakistan 1970</i>		
Jute	57.1	68.7 (7)
Cotton Textiles	20.0	30.8 (7)
Paper and Board	43.6 (1)	43.6 (1)
Fuel and Power	100.0 (1)	100.0 (1)

Note: Figures in brackets give actual numbers of houses engaged in production.

Source: Census, Manufacturing industries.

Breakdown of Production

If we see the breakdown of industrial production for the forty-one houses, cotton textiles still dominates all others by contributing 38.9% of all production. This is followed by the sugar industry, which represents 20%, and engineering, with 9.2%. The two new industries which sprang up in the sixties, cement and chemicals, contributed a small portion — respectively 4.1 and 4.8% of total production. Paper and board contributed 3.3% and other products 17% of all production.

Position of Monopoly Houses

One of the interesting results of this study is that with the exception of a few, the top houses were the same in 1961 and 1970.

In the top five positions for net assets, Adamjee moved down from first to third place. Saigol moved to the first position whereas Dawood remained in the second position. Crescent moved up from seventh in 1961 to fourth position in 1970. Colony, which was fifth in 1961, moved down in 1970 because the assets were split up between two groups. Colony (Naseer Group) was in the seventh position in 1970. The most amazing advance was for Amins, which moved up from thirteenth position in 1961 to fifth position in 1970.

The other houses whose position was affected by more than three places included Beco, which moved down from sixth position to twelfth. Hoti moved up from fifteenth to ninth position. The two new entrants in the top twenty houses were Ghandara and Abbas Khaleeli Group. In 1970, their positions were tenth and sixteenth respectively.

Comparison of Concentration between 1960 and 1970

In Table 9.8 we have compared the results of Papanek's study of 1959 with our results for 1970. We find that there is only a very slight decline in industrial concentration (from about 2 to 5%) during this period, showing that although the period of the sixties was one of very rapid industrial development, the major industrial houses were able to still control a large portion of industrial assets and production.

For West Pakistan, we have compared concentration for 1961 with our results in 1970. There is a slight decline in concentration over this period. Whereas in 1961, 13 houses controlled 30% of assets and 20% of production of the large-scale manufacturing sector, in 1970 for the same number of houses it was about 27% of assets and 17% of production. Taking into account the fact that our results for 1961 are an underestimate (by about 20%) as they did not include non-quoted companies, the difference would

Table 9.8

Comparison of Concentration between 1959-70 in Pakistan
(Including East Pakistan)

	% of Private Assets		% of Private Sales	
	1959	1970	1959	1970
Top 7 Houses	24.4	22.2	15.6	14.6
Top 16 Houses	38.2	33.6	25.3	22.1
Top 24 Houses	45.9	39.5	31.9	26.3
Top 37 Houses	51.9	45.3	35.9	30.9

Source: 1959 data; see Papanek, G.F., *Pakistan: Development, Social Goals and Private Incentives*, OUP, Karachi, 1967.

For 1970 data; estimated from Appendix A and 'Monopolies in Pakistan', *Pakistan Times*, 7 October 1969, Lahore.

be in fact slightly larger.

Concentration for the major industrial product, cotton textiles, also showed a slight decline. Whereas in 1961, nine industrial houses controlled 50% of cotton textile production, in 1970 the same number controlled about 40%. Also, whereas the top five controlled 37.3% of textile production in 1961, their share had come down to 30% in 1970.

The Industrial Houses and Finance Capital

A study on the concentration of industrial assets would be incomplete if we did not take into account the control of the industrial houses over the banking and insurance sector in the country. The very close link between financial and industrial capital is one of the pertinent features of the growth of capitalism in the country, as it played a very important role in establishing the position of the industrial houses and an even more important one in their being able to maintain it. In Mahbub-ul-Haq's famous speech, he claimed that 87% of the banking and insurance sector was in the hands of these twenty-two families.

This close interconnection between industrial capital and financial capital played a very important part in the growth of the industrial houses in the sixties because, whereas in the fifties reinvestible earnings had been the main source of financing investment, it was now borrowed capital. The major source of capital in the fifties was reinvested industrial earnings, which accounted for almost 50% of assets. The other major source was profits made in trade (import, export and internal), which accounted for about 20% of

Table 9.9

Third Plan Industrial Financing Estimates (Million Rupees)

<i>Financing Institution</i>	<i>World Bank Estimates</i>		<i>ICP Estimates</i>	
	<i>Total Amount</i>	<i>%</i>	<i>Total Amount</i>	<i>%</i>
PICIC	849.0	8.5	975.4	9.9
IDBP	993.3	9.9	907.4	9.2
ICP	229.4	2.3	216.9	2.7
NIT	171.0	1.7	80.5	0.8
Insurance Companies	190.0	1.9	51.3	0.5
Commercial Banks	2500.0	25.0	2653.6	27.0
<i>Total Financial Institutions</i>	<i>4932.7</i>	<i>49.3</i>	<i>4930.1</i>	<i>50.1</i>
Sponsors/Other Individuals	2762.5	27.6	1670.3	17.0
Internal Saving	2300.0	23.0	2845.0	28.9
<i>Total Non-Financial Institutions</i>	<i>5062.5</i>	<i>50.6</i>	<i>4915.9</i>	<i>49.9</i>
<i>Grand Total</i>	<i>9995.2</i>	<i>100.0</i>	<i>9846.0</i>	<i>100.0</i>

Source : IBRD Report.

This situation was radically changed in the sixties for two reasons. The first was the large inflow of foreign aid which was made available to finance industrial investment and was channelled through two financial institutions, PICIC (Pakistan Industrial Credit Investment Corporation) and IDBP (Industrial Development Bank of Pakistan). Secondly, as the banking structure became more firmly established and as the banks opened branches throughout the country, they became an important source of capital. During the Third Plan period almost 50% of industrial finance came from financial institutions, with commercial banks providing 25% and PICIC and IDBP 8.5% and 9.9% respectively (see Table 9.9).

Control over Banks and Insurance Companies

The control over banks and insurance companies of the industrial houses can be seen in Tables 9.10 and 9.11 where a list of the banks and insurance companies under their control is given. Of the nine banks which controlled 90% of total assets of all private commercial banks, eight were under the control of the leading industrial houses. The three major banks, Habib, United and Muslim Commercial, were under the control of the Habib, Saigol and Adamjee Groups. The only bank which was not as such under the direct control of the houses was the Standard Bank, which was the representative of the military-bureaucratic oligarchy of the sixties, and with which this group banked and through which it financed its borrowings. The banks controlled by industrial houses accounted for over 80% of the assets of private commercial banks.

Table 9.10

Control by Industrial Houses of Banks, 1970 (Million Rupees)

<i>Name of Bank</i>	<i>Controlling Group</i>	<i>Paid-up Capital</i>	<i>Equity</i>	<i>Deposits</i>
Habib Bank	Habib	90.0	150.2	4270.8
United Bank	Saigol	41.0	73.3	3234.5
Muslim Commercial Bank	Adamjee	22.5	44.8	1326.4
Commerce Bank	Fancy	20.2	21.2	375.4
Australasia Bank	Colony (F)	5.4	9.8	338.8
Bank of Bahawalpur	Dada-Fancy- Wazir Ali	5.9	11.3	213.5
Premier Bank	Arag	5.0	5.0	41.9
Sarhad Bank	Faruque	5.0	5.0	20.2
<i>Total controlled by Houses (a)</i>		<i>195.0</i>	<i>320.6</i>	<i>9821.21</i>
1. (a) as per cent of all Banks (including foreign).		40.8	42.8	60.6
2. (a) as per cent of Pakistani Banks.		91.2	94.0	79.8
3. (a) as per cent of Private Domestic Banks		91.2	94.0	89.1

Source : *Banking Statistics of Pakistan*, State Bank of Pakistan.

Although the leading banks were under the control of just a few of the industrial houses, members of other industrial houses were represented on the boards of directors of these banks. The close link between the industrial houses is clearly brought out by the fact that industrialists such as Dada, Rahimtoola, Valika, Hyesons, Isphani, Hoti, Wazir Ali and Arag associated with banks controlled by the Habib, Saigol, Adamjee, Fancy and Colony (F) Groups. Thirteen out of the forty-four houses were directly represented on the Board of Directors of the commercial banks.

Table 9.11

Control of Industrial Houses over Insurance Companies (Rupees Lakhs)

	<i>Name of Company</i>	<i>Controlling Group</i>	<i>Paid-up</i>	
			<i>Capital</i>	<i>Equity</i>
1.	Adamjee Insurance	Adamjee	35.0	104.7
2.	Central Insurance	Dawood and Bawany	37.0	51.9
3.	Eastern Federal	Isphani and Arag	35.0	43.8
4.	Habib	Habib	50.0	90.0
5.	Khyber	Zafar-ul-Ahsan	13.7	13.7
6.	New Jubilee	Fancy	25.2	30.4
7.	Premier	Rangoonwala-Crescent	25.0	30.2
8.	Union	Dada-Nishat	20.0	20.5
9.	United	Valika-Hyesons-Dada	20.0	20.6
10.	National Security	Colony (N)	20.0	23.1
11.	International General Insurance	Wazir Ali	20.0	20.1
12.	Eastern Insurance	A.K. Khan	14.3	26.7
13.	Crescent Star	Millwala	20.0	24.2
14.	Universal	Ghandara	20.0	20.6

Source : The Pakistan Insurance Year Book, 1970.

Similarly, the insurance companies (although they were not a major source of industrial finance), were dominated by the industrial houses. Table 9.11 shows the list of insurance companies controlled by various groups, which accounted for almost 80% of private domestic insurance companies in the country.

Financial Institutions and Industrial Houses

In the growth of the industrial houses in the sixties, the crucial role from amongst the financial institutions was played by PICIC. There are many people who find it difficult to visualize the interlink between the capitalists of the advanced industrial countries and the 'comprador' capitalists of the underdeveloped countries. This link is made when foreign capital is channelled into domestic industry through organizations like PICIC.

That PICIC was meant to be the lending club of only the big industrialists was clearly established when it set as a minimum lending limit for new industries, Rs 1.5 million equivalent in foreign currency for East Pakistan. In the balancing and modernization of existing industries, the minimum limit was Rs 0.25 million equivalent in foreign currency, although there was no upper limit to PICIC loans. The breakdown of the size of loans given to the private sector by PICIC is shown in Table 9.12. Almost 71% of the loans sanctioned up to July 1969 were of amounts of Rs 2.5 million and above.

Table 9.12

Distribution of PICIC Loans by Size, up to 31 July 1969 (million Rupees)

<i>Size of Loans</i>	<i>Amount</i>	<i>%</i>
Below Rs 0.5 Million	59.711	3
Rs 0.5 Million to Rs 1.0 Million	101.224	6
Rs 1.0 Million to Rs 2.5 Million	359.198	20
Above Rs 2.5 Million	1271.066	71
<i>Total</i>	<i>1791.199</i>	<i>100</i>

Source: IBRD Report.

That these loans were meant mostly for the major industrial houses is very clear. They were not only directly associated, but at least six representatives of these industrial houses sat on the Board of Directors of PICIC, namely, Dawood, Fancy, Adamjee, Amin, Crescent and Valika. If one therefore goes through the list of projects sanctioned by PICIC, the names that we come across are very familiar ones. Adamjee Industries (Adamjee), Crescent Jute Products (Crescent), Ismail Cement (Colony), Packages (Wazir Ali), Pakistan Paper Corporation (Hoti) and the Steel Corporation of Pakistan (Fancy). From France, loans through PICIC went to Crescent Sugar Mills (Crescent), Hyesons Sugar Mills (Hyesons) and Premier Sugar Mills (Premier). From Italy, through PICIC, loans went for the setting up of the Shahtaj Sugar Mill (Shahnawaz) and from Japan came loans for Karnaphully Rayon and Chemicals (Dawood). In fact the industrial houses accounted for over 70% of loans sanctioned by PICIC.

That the projects mentioned above were amongst the major projects set up by the industrialists in the sixties illustrates the close links that existed between the industrial houses and the capitalists of the advanced industrial countries.

In an unpublished report submitted by a World Bank team on the workings of PICIC it was stated :

In many respects the private DFC in Pakistan, PICIC has been at least until recently, the epitome of a bank-financed private DFC with its strength and weakness. From the beginning, PICIC promised to be a

profitable enterprise and this promise was realized. It proposed to lend principally to large scale enterprise and there was no difficulty in securing equity participation from foreign interests with large Pakistani industrialists. For the first few years, foreign management was in charge and the Board of Directors has always been dominated by representatives of the principal industrial families. A substantial portion of its loans, in fact has been given to enterprises controlled by the same families. Three-fourths of PICIC's investment has been in West Pakistan and it has contributed little to small and medium size enterprises in either wing. Nor has its contribution to the mobilization of domestic savings in Pakistan been large. . . .

Two things clearly emerge from this report. First, that the foreign investors who were pumping in this money were getting a rate of return on their investment with which they were quite satisfied. Secondly, it seems to be almost a matter of policy of associating the principal industrial families in the policies of the banks and providing them with the loans. The link between these families and foreign capital was, to say the least, on a reasonably sound and established basis.

The other major financial institution in the country was the Industrial Development Bank of Pakistan (IDBP) which was formed as a result of the Credit Enquiry Commission (1959) and which took over the operations of the Pakistan Industrial Finance Corporation (PIFCO). Whereas the main purpose of setting up the bank was to provide credit facilities mainly to small and medium industrial units in the private sector, the breakdown of loans (Table 9.13) clearly shows that the major portion of the loans (almost 66%) were of over Rs 1.0 million and went to a small portion (9.2%) of the total borrowers.

Table 9.13

Breakdown of the Size of IDBP Loans from 1 August 1961 to 30 June 1969 (Million Rupees)

	<i>West Pakistan</i>		<i>East Pakistan</i>		<i>All Pakistan</i>	
	<i>No. of</i>		<i>No. of</i>		<i>No. of</i>	
<i>Size of Loans</i>	<i>Cases</i>	<i>Amount</i>	<i>Cases</i>	<i>Amount</i>	<i>Cases</i>	<i>Amount</i>
Up to 0.5	1359	145.739	1658	215.245	3017	360.984
0.5-1.0	158	109.545	189	139.093	347	248.638
Over 1.0	156	604.700	186	589.868	342	1194.568
<i>Total</i>	<i>1673</i>	<i>859.984</i>	<i>2033</i>	<i>944.206</i>	<i>3706</i>	<i>1804.190</i>

Source: IBRD Report.

The IDBP, however, did not play an important role in the financing of investment of the industrial houses and was more important in the creation of

a 'new emerging capitalist' class in Pakistan. About 20% of its total loans went to the industrial houses.

The Role of Financial Institutions such as ICP and NIT

By the middle of the sixties, the need to channel domestic savings of the non-corporate sector was eagerly felt by the industrial sector especially because of cuts in foreign aid inflows. There seemed to exist considerable suspicion and hesitation on the part of middle classes to invest their money in the shares of companies floated on the stock exchange. There was a very strong feeling that the companies were meant only for the benefit of those who owned them and that the industrialists would be very reluctant to share profits.

In order to channel the savings of the newly emerging middle class in the cities as well as the agricultural sector, the government sponsored two organizations, the National Investment Trust and the Investment Corporation of Pakistan. These two organizations, as it turned out, also became part of the financial empire of the leading industrial houses. The Habib and Saigol Groups were on the board of directors of the ICP, whereas in the case of NIT, Dawood, Habib, Saigol, Bawany and Adamjee were represented on its board of directors.

The breakdown of the portfolios of NIT and ICP mutual funds, given in Tables 9.14 and 9.15, shows once again the dominant position of the industrial houses in utilizing the capital resources raised by these two organizations.

Table 9.14

% Share in NIT Investment of Industrial Groups, 1966-67

<i>Groups:</i>	Adamjee	Dawood	Amin	Fancy	Crescent	Habib	Saigol	Bawany
% :	9.72	7.61	5.41	3.54	3.39	3.37	3.24	3.11
<i>Groups:</i>	Nishat	Colony (N)	Arag	Ghandara	Faruque	Hussain	Hyesons	
% :	2.62	1.95	1.83	1.67	1.58	1.51	1.01	
<i>Groups:</i>	Valika	Dada	Noon	Maulabux	Wazir Ali	Beco	Hoti	
% :	0.99	0.77	0.69	0.64	0.59	0.26	0.81	
<i>Total :</i>	55.7%.							

Source: 'Monopolies in Pakistan by Economist', *Pakistan Times*, 7 October 1969.

The Dependence of the Monopoly Houses on Financial Institutions

We have shown the dependence of the monopoly houses on financial institutions for twenty-five houses by seeing the amount of growth of their net assets which was financed through increases in long-term liabilities. Obviously, the increase in long-term liabilities is not the best indicator of credit made available to industrial houses, as over the period of time they could have returned a certain amount of the credit. Still it is a fairly good indicator of

growth financed through borrowed capital.

Table 9.15
ICP Mutual Fund Portfolio

<i>Houses</i>	<i>Percentage* of first ICP Mutual Fund</i>	<i>Percentage* of second ICP Mutual Fund</i>	<i>Percentage* of third ICP Mutual Fund</i>	<i>Percentage* of fourth ICP Mutual Fund</i>
Beco	1.9	—	—	6.3
Abbas Khaleeli	20.9	15.0	—	—
Habib	13.2	—	—	—
Hussain	6.2	8.8	3.9	11.6
Ghandara	17.5	—	0.8	1.1
Karim	3.8	—	—	—
Dawood	9.4	9.7	0.9	—
Noon	10.4	—	—	3.8
Colony	—	2.5	0.7	1.0
Crescent	—	0.7	—	—
Wazir Ali	—	20.0	2.1	8.1
Amin	—	0.1	—	7.7
Shahnawaz	—	2.7	2.2	1.6
Adamjee	—	—	0.7	—
Fancy	—	—	13.2	—
Saigol	—	—	6.2	—
Premier	—	—	9.6	2.6
Valika	—	—	0.6	2.0
Isphani	—	—	—	3.3
Hyesons	—	—	—	6.1

Note: *Market prices.

Source: *Fifth Annual Report of ICP, 1971*.

The breakdown of the growth of assets by the increase in share capital, reserves and long-term liabilities is given in Table 9.16. Of the total increase in net assets, the average for all houses financed through share capital was 37.7%, through an increase in reserves 32.9% and through long-term liabilities 30.1%.

The house which clearly stands above all others and which was most dependent on long-term borrowing for growth was the Saigol house, in which we find a phenomenally high figure of 70% of its growth financed through increases in long-term liabilities. This is followed by Hoti, for which the figure is 48.8% and Bawany (43.3%). Twelve out of the twenty houses were dependent for more than one-third of their growth on borrowed capital. Out of the twenty houses, only in the case of two, Hyesons and Beco, do we find dependence on long-term liabilities actually declining over the time period.

Table 9.16

Means of Financing Industrial Investment (Percentage Breakdown), 1961-70

	<i>Houses</i>	<i>Increase in Share Capital*</i>	<i>Increase in Reserves</i>	<i>Increase in Long- Term Liabilities</i>
1.	Dawood	43.8	32.0	24.0
2.	Saigol	23.0	7.5	69.4
3.	Adamjee	41.3	27.0	31.6
4.	Vallka	44.2	20.1	35.7
5.	Crescent	53.6	7.6	38.8
6.	Bawany	30.9	24.8	44.3
7.	Fancy	8.5	54.2	37.4
8.	Nishat	40.9	24.4	34.7
9.	Wazir Ali	44.8	24.5	30.8
10.	Beco	36.0	65.7	- 1.8
11.	Amins	46.9	21.5	31.6
12.	Hussain	45.5	33.1	21.0
13.	Isphani	18.1	66.7	15.2
14.	Habib	53.4	21.1	34.4
15.	Hyesons	11.4	107.6	-18.9
16.	Ghandara	34.7	37.1	28.1
17.	Hoti	9.9	41.4	48.8
18.	Colony (F)	36.4	25.9	39.1
19.	Colony (N)	41.5	31.0	27.5
20.	Karim	38.1	31.5	40.4
21.	Zafar-ul-Ahsan	38.8	57.4	3.9
22.	Ferozesons	68.6	26.7	4.8
23.	Dada	45.3	19.0	35.7
24.	Maula Bux	43.5	26.5	30.0
25.	Abbas Khaleeli	43.8	-10.8	-67.0

Note: *Includes capitalization, of reserves and issue of bonus shares.

Source: IBRD Report 1970; extracted from 512 Annual Report & Investment Corporation (ICP) 1971, and *Pakistan Times*, 7 October 1969.

The results clearly bring out the importance of borrowed capital in the growth of the industrial houses and show the impact of the very close collaboration between financial institutions and the monopoly houses and more indirectly the link between domestic capital and foreign capital flowing into the country.

In this section we have highlighted the very close links which existed between the financial institutions in the country and the industrial houses. This incredibly strong and dominating position of the industrial houses over financial capital was perhaps a major reason behind the rise to power of this

group.

Besides the commercial banks which provided them with not only working capital but in many cases loans which were automatically renewed (and hence can be treated for all practical purposes as long-term credit), the links between the houses and financial institutions like PICIC show the linkage between domestic capitalists and the flow of financial resources from abroad. This link highlights the close collaboration between the domestic capitalists and their reliance on outside capital not only for finance but also for the direction of industrialization in the country.

Our results of the breakdown of the growth of assets of the industrial houses also showed that on the average almost one-third of their growth was financed through long-term credits. Especially when it came to floating new companies, the role of borrowed capital increased and this figure would be far more in that case.

The Position of the Industrial Houses After 1972

Although this study on the industrial houses has concentrated on their growth in the sixties, recent events have had an enormous impact on their holdings. In this section, we try to gauge the effect of the loss of the eastern province of the country and the recent nationalization by the government on the relative positions of the industrial houses, the amount of the industrial and financial assets lost by each one of them in the process and the concentration of ownership in the manufacturing sector.

Since the basic data is for 1970, we have used it to measure the value of assets lost in East Pakistan or taken over by the government, and not their value as it stood when they were actually nationalized. Except in the case of Dawood and Hyesons, where we have added Dawood Hercules (1971) and Hyesons Sugar Mill (1974), in all other cases the position of the houses today is viewed in relation to the assets owned in 1970. Since industrial investment has been at a very low level and hardly any of the houses have launched new projects or firms, this would be a fairly good indicator of their positions today.

The Delinking of East Pakistan

Of the forty-four industrial houses covered in this study, only sixteen had assets in East Pakistan. Out of these sixteen except for Isphani, A.K. Khan and Bawa, all the other houses had assets in both provinces. In Table 9.17 we have given the value of net assets in East Pakistan and also shown this sum as a percentage of the total manufacturing assets owned by the industrial houses. With the exception of A.K. Khan who belonged to East Pakistan, the rest of the houses were owned by West Pakistan-based industrialists.

Isphani lost the entire amount of his assets as they were located in East Pakistan. In terms of value of assets the greatest losses were suffered by Dawood, Adamjee, Khaleeli, Bawany and Amins.

Table 9.17

Loss of Assets by Houses in East Pakistan (Million Rupees)

<i>House</i>	<i>Value of Net Assets</i>	<i>% of Total Manu- facturing Assets Owned</i>
Isphani	88.4	100.0
Bawany	23.4	100.0
A.K. Khan*	50.0	100.0
Abbas Khaleeli	114.8	94.0
Maula Bux	58.9	68.1
Haji Dost	16.7	65.4
Karim	45.6	60.0
Adamjee	152.9	52.7
Dawood	182.4	46.3
Amins	61.8	45.2
Nishat	38.3	41.3
Bawany	67.8	37.1
Gul Ahmed	30.2	36.6
Monnoo	25.0	35.7
Hafiz	52.7	30.0
Rahimtoola	5.1	27.0

Note: *East Pakistan-based industrialist.

Position in West Pakistan Post-Nationalization

The position of the industrial houses which had been drastically affected by the loss of assets in East Pakistan was further affected by the nationalization introduced by the Peoples Party government. These nationalizations included the takeover of companies in certain basic industries, such as the edible oil industry in the consumer goods sector, shipping and oil distribution in the non-manufacturing sector, and the nationalization of banking and insurance in the financial sector.

Table 9.18 shows that Beco and Rangoonwala lost all their assets because of the nationalization of industries by the government. Eleven houses lost more than 50% of their total assets. In terms of the value of assets, the houses which suffered the greatest losses were Saigol, Habib, Amin, Fancy and Beco. In the case of Habib, the loss of the Habib Bank represented 75% of the total assets owned by this group.

It is interesting to find that even after nationalization by the government, the major industrial houses are still able to retain their positions (Table 9.19). Dawood, who had been badly affected by the loss of East Pakistan and slightly by nationalization, has not only recovered his position but in fact establishes his very clear lead over the others (more than three times his nearest rival) by the addition of the Dawood-Hercules fertilizer plant to his list of companies. Saigol, Crescent, Adamjee, Hoti, Colony (N) and Wazir Ali

Table 9.18

Value of Assets Lost due to Nationalization (Million Rupees)

<i>House</i>	<i>Net Assets Nationalized</i>			<i>Total</i>	<i>% of Total Assets Lost</i>
	<i>Banking & Insurance*</i>	<i>Non-MFG†</i>	<i>MFG</i>		
Saigol	73.3	—	291.2	364.5	68.8
Habib	159.2	—	—	159.2	69.8
Amin	—	62.9	62.1	124.0	62.9
Valika	2.0	31.8	87.5	121.3	66.1
Fancy	21.2	48.3	32.9	102.4	89.7
Beco	—	—	101.0	101.0	100.0
Colony (N)	2.3	10.4	81.2	93.9	49.5
Colony (F)	9.8	—	60.3	70.1	77.1
Adamjee	55.3	5.2	—	60.5	40.0
Zafar-ul-Ahsan	1.4	—	53.7	55.1	71.3
Ghandara	—	—	54.1	54.1	67.7
Reyaz-o-Khalid	—	—	31.8	31.8	90.9
Dawood	5.2	21.9	—	27.1	12.9
Rangoonwala	—	—	21.5	21.5	100.0
Hyesons	—	—	15.6	15.6	19.6
Wazir Ali	—	—	15.0	15.0	14.6
Haroon	—	—	13.0	13.0	23.6

Notes: *Net worth only.

†Includes shipping, oil, gas and electricity distributing companies.

Source: Estimated from Appendix A.

maintain their position in the top ten. Habib moves down from second to eleventh position and Valika from seventh to twelfth position. Amin, who was previously in the ninth position is no longer in the top twenty. Similarly, Colony (F), which was previously fourteenth, was also no longer in the top twenty.

Houses which moved up were: Hoti (from eighth to fourth), Bawany (from eighteenth to eighth), Hussain (from thirteenth to ninth) and Nishat (from twentieth to fourteenth position). Gul Ahmad, Arag, Rahimtoola, Noon, Shah Nawaz and Monnoo moved into the top twenty after nationalization.

Impact of Nationalization on Industrial Concentration

The impact of nationalization on the control of the industrial houses over assets and production is given in Table 9.20.

The control of assets of the large-scale manufacturing sector showed a drop from 41.7% for forty-one houses to 31% for thirty-nine houses. There was also a considerable fall for the ten large houses, whose control dropped

Table 9.19

Position of Industrial Houses: Post-Nationalization, West Pakistan (Million Rupees).

<i>House</i>	<i>Pre-Nationalization</i>		<i>Post-Nationalization</i>	
	<i>Position</i>	<i>Net Assets*</i>	<i>Net Assets</i>	<i>Position</i>
Saigol	1	529.8	165.3	3
Habib	2	228.0	68.8	11
Dawood	3	210.8	767.5†	1
Crescent	4	201.7	201.7	2
Adamjee	5	201.3	146.3	5
Colony (N)	6	189.7	95.8	6
Valika	7	183.5	62.2	12
Hoti	8	148.6	148.6	4
Amins	9	137.9	137.9	—
Wazir Ali	10	102.6	87.6	—
Fancy	11	102.4	—	—
Beco	12	101.4	—	—
Hussain	13	81.7	81.7	9
Colony (F)	14	89.9	19.8	—
Ghandara	15	79.9	25.8	—
Hyesons	16	79.4	83.5††	8
Zafar-ul-Ahsan	17	77.2	22.1	—
Bawany	18	69.3	69.3	10
Premier	19	56.1	56.1	13
Nishat	20	54.3	54.3	14
Gul Ahmed	21	52.3	52.3	15
Arag	22	50.1	50.1	16
Rahimtoola	23	49.9	49.9	17
Noon	24	48.8	48.8	18
Shahnawaz	25	46.0	46.0	19
Monnoo	26	45.0	45.0	20

Notes: *Includes Non-MFG and Banking and Insurance.

†Includes Dawood-Hercules (1971).

††Includes Hyesons Sugar Mills (1974).

Source: Appendix A and previous Table.

from 24.8% to 18.2% for nine houses. Because of the resultant increase in government assets due to nationalization, the control of the houses is affected to a lesser extent for private assets and private domestic assets. The thirty-nine industrial houses still control over 40% of private assets and over 45% of private domestic assets as compared to 47.1% and 52.3% respectively for the forty-one houses before nationalization. The position of the nine largest

Table 9.20

Impact of Nationalization on Industrial Concentration

Size Assets	Number		% all Assets/ Sales		% Private Assets/ Sales		% Private Dom- estic Assets/Sales	
			Pre	Post	Pre	Post	Pre	Post
Over Rs 100	10	9	24.8	18.2	28.0	23.7	31.1	26.7
Rs 50 to 100	13	13	10.5	7.2	11.9	9.4	13.2	10.7
Less than 50	18	17	6.4	5.6	7.2	7.3	8.0	8.3
<i>Total</i>	<i>41</i>	<i>39</i>	<i>41.7</i>	<i>31.0</i>	<i>47.1</i>	<i>40.4</i>	<i>52.3</i>	<i>45.7</i>
Sales								
Over Rs 100	10	9	15.0	12.7	15.5	14.1	18.8	17.4
Rs 50 to 100	13	13	8.7	6.1	9.0	6.8	10.9	8.4
Less than 50	18	17	5.9	4.6	6.1	5.1	7.5	6.3
<i>Total</i>	<i>41</i>	<i>39</i>	<i>29.6</i>	<i>23.4</i>	<i>30.6</i>	<i>26.0</i>	<i>37.2</i>	<i>32.1</i>

Source: Extracted from Appendix and Tables 9.17, 9.18 and 9.19.

houses is that they control 23.7% of private assets and 26.7% of private domestic assets.

In regard to the total production or sales of the large-scale manufacturing sector, the control of the thirty-nine houses now declines to 23.4% of all production from the previous figure of 29.6% for forty-one houses. The thirty-nine industrial houses, however, still control 26.0% of private production and 32.1% of private domestic production. The nine large houses now account for 14.1% of private production and 17.4% of private domestic production in the economy.

We do find, therefore, that the nationalization of certain industries by the present government has had an impact on industrial concentration. The industrial houses, however, still continue to control a reasonably large section of private domestic assets and private domestic production of the large-scale manufacturing sector. This is mainly because of their dominating position in cotton textiles and the sugar industry, with the former contributing almost a third of the total value added in the large-scale manufacturing sector.

In conclusion, the loss of East Pakistan and the nationalization of industries and financial institutions except for a few, has not affected the dominating position of most of the big houses over the industrial sector. The major portion of the assets of almost all the houses were in cotton textiles, and to a lesser extent in the sugar industry, and these are still in their control. The major impact of the reform has been the nationalization of the banking sector, which has taken a major part of the assets of certain houses, such as Habib, and hence released at least the physical hold of the houses on financial institutions. Also, the more recent takeover of the oil distribution companies has affected houses such as Amin which had the bulk of their assets

in this industry.

The Role of the Industrial Houses in Pakistan's Power Structure

Pakistan makes an ideal case study for the emergence of capitalism in an underdeveloped agrarian economy. Starting with hardly any industries at all at the time of Partition in 1947, by the end of the sixties, Pakistan had achieved one of the most remarkable industrial growth rates in the world. Since this was achieved under the impetus of private enterprise it is critical to examine the forces which made such a situation possible and which created such ideal conditions under which it could develop. More specifically, we are interested in seeing the forces which led to the emergence of capitalist class in the country and how this class was able to achieve a position of domination over the economy of the country.

Pakistan is referred to by some as a semi-feudal, neocolonial state. In such a country, although the feudal hold is not as dominant as it was before, it still is the most important factor in explaining the power structure which exists in the rural areas. The state is referred to as neocolonial because although it has gained independence from direct colonial rule, it still has not freed itself from the clutches of imperialism which continues to exploit the country's resources as it had done before. The only difference is that instead of the actual physical presence of the colonial masters, exploitation is now done indirectly through their agents — the 'comprador capitalists'. According to this theory, therefore, there is no independent growth of capitalism in the country and both the rate of growth and the direction of growth (*viz.* industries) is directly or indirectly under the control of imperialism.

In looking at the growth of capitalism, we, therefore, have to see not only the relationship which exists between the capitalist class and the other power groups in the country, but also the nature of the links which exist between this capitalist class and foreign capital, i.e. the capitalist countries of the industrialized world.

The Rise of Merchant Capital

Whereas it is generally believed that the rise of the Muslim merchant class took place after independence with the departure of the Hindus who had a complete monopoly over trade, many people tend to forget that there did exist Muslim communities with very strong trading traditions in different parts of India. This was especially true of the Bohras and Memons who had been well-established traders in Bombay and other parts of India. Similarly, the Chinioti traders (who came from a small *tehsil* of Chiniot in Punjab) were established in different parts of India and had a reputation for their shrewdness in trade, especially in hides and skins. This trading community had made a small fortune for itself during the Second World War and was well-established.

Although this group was not directly associated with the freedom struggle

of the Muslims (with the exception of a few who had personal links with Quaid-i-Azam Mohammad Ali Jinnah), they saw with Partition the opening up of considerable opportunities in the new state after the vacuum created by the exodus of the Hindu *baniyas*. Also, this group was fully aware that the new state would set up its own industries and when it did so, they wanted to cash in.

Most of the traders who came from India settled in Karachi, which was not just the only port of West Pakistan but also the seat of the federal government. Here, they quickly established themselves and successfully took over the operation of trade. Soon after Independence, therefore, we find a strong Muslim trading community, which had previously been spread all over India, firmly entrenched in the newly born country.

The Transformation of Merchant Capital into Industrial Capital

From the very beginning, merchant capital began to exert influence over the country's economic policies. In August 1948, the import policy was liberalized and imports jumped from Rs 115 million in the first half of the year to Rs 310 million in the second half. Although it is not admitted by those who were in charge of the government's economic policies at the time, the power of merchant capital must also have played an important part in the decision not to devalue the currency in 1949. Devaluation would most certainly have raised considerably the prices of consumer imports and hence adversely affected the import trade. Chaudhry Mohammad Ali's explanation that the Cabinet was split on the issue and that 'an important element in the final decision (i.e. not to devalue) was the feeling that it would enhance Pakistan's prestige'¹³ seems to ignore the other important elements which must have affected this decision.

The role of the Korean boom and the government's decision to impose import controls following the collapse of the boom has been highlighted to show how conditions were created which were conducive to the flow of investment into industry. Whereas there is no doubt that the traders made very high profits during the boom (especially in speculation), we feel that the decision to impose controls was again principally motivated by merchant capital, which now felt in a position to convert itself into industrial capital.

This is apparent because even during the boom itself we find traders importing industrial machinery, principally textile machinery, and therefore already converting merchant capital into industrial capital. The collapse of the boom and the resulting balance of payments crisis provided the incipient industrialists with the ideal opportunity to pressure the government into imposing controls on consumer goods.

It was, therefore, not an 'historical accident', as is made out by some, that conditions were created for the flow of capital into industry. Merchant capital had now reached a stage when it felt powerful enough to be able to create conditions which were favourable for moving into industry, financed by the profits that it had made during the boom.

The growth of consumer goods industries and the rise of an indigenous

capitalist class posed no threat to the advanced industrial countries. As far back as the early years of the 20th Century they had realized that the time had come to allow the colonial country to set up some of its own simple consumer goods industries. This had been done for two reasons. First, the burgeoning capitalist classes in the colonial countries had to be accommodated, and secondly, the advanced industrial countries had themselves moved into the more sophisticated technology of the intermediate goods and capital goods industry. Hence the growth of the cotton textile and jute industries in India especially after the First World War. The rise of an indigenous capitalist class was well within the framework of the imperialist world, as the country was still completely dependent on it for the import of industrial machinery, etc.

The rise of the capitalist class in Pakistan is not difficult to explain within the framework of the neocolonial state. What has posed a problem is how to explain economic policies which were unfavourable to the agricultural sector when the dominant power group in Pakistan was feudal. It is here that considerable reliance is placed on the independent role of the bureaucracy and the power which it had assumed because of the weakness of the feudal hold as a result of the internal contradictions within it.

We maintain that whereas it is true that the feudal hold was weak, especially because of the disorganized conditions prevailing in the country just after Partition, and that the bureaucracy was in charge of running the state, the bureaucracy was still basically a tool of the rising capitalist classes and not an independent power group.

In fact a better explanation would be that the feudalists lived with a kind of 'money' illusion as their incomes did not fall in money terms but in *real* terms because of a rise in the prices of industrial goods. Here too the people most affected were those who spent a large portion of their income on industrial goods — the small farmers — rather than the landlords and big farmers, who were spending a very small portion of their income on consumer goods produced in the country. Why the feudalists themselves did not move into industry is not difficult to explain. They had neither the accumulated capital, nor the experience, nor the inclination to move into industry. The Qureshis of Sargodha were perhaps the only ones to set up a flour mill and a textile factory (they ran the latter at a loss and hence disposed of it). The Hotis were the only landlord family which moved into industry, principally through the disinvestments of the PIDC in the sugar mill set up by them. Therefore, the only landlord who did emerge amongst the industrialists had also not moved completely on his own. The landed aristocracy has never been historically the class which starts the process of industrialization. In Pakistan they certainly were in no position to make a start.

Primitive Accumulation of Capital

If the feudal classes had lived with a kind of 'money' illusion and were still not aware of the power of the rising capitalist class, the speed and intensity

with which it grew must have come to them as a great shock. In a period of a few years this rising capitalist class had very firmly entrenched itself in the country's economy. The extremely high profits it made were reinvested and industrial empires emerged within two or three years.

The rise to power of this capitalist class was clearly strengthened by the infighting amongst feudal classes, which led to frequent changes in government and the fall of different ministries. The capitalist class now made its alliance with the bureaucracy, an alliance in which it was very much the senior partner and the bureaucracy was given a very small share of the total profits.

The PIDC was the outcome of this alliance. The bureaucratic controls which exist in a developing country are the nightmare of industrialists. Pakistani capitalists decided to do away with them by actually involving the bureaucracy in new projects and, once they were set up, taking them over completely. This organization was therefore used by the capitalists to further strengthen their hold over the economy, especially in capturing the East Pakistan market without attracting too much attention to themselves.

The capitalists in fact made use of the bureaucracy for three major purposes. First, they acquired government sanctions to expand their existing industries and to set up new ones. By dealing directly with the bureaucracy, the industrialists greatly facilitated the process since it meant that they did not have to get favours from the politicians, the feudalists, who would definitely have asked a higher price. Secondly, they used the bureaucracy to ensure that the ideal conditions for industrial investment created by import control were not disturbed through import liberalization, etc. Finally, they used the bureaucracy to keep wage rates down by a brutal suppression of any form of labour movement which would have put pressure on them to increase wages.

The price which the capitalists paid for the services of the bureaucrats was not very high. In most cases they got their jobs done by paying small bribes or obliging the bureaucrats by providing employment to their relatives, etc. The power of the state, therefore, was hardly in the hands of the bureaucratic class, which was playing its 'classical' role of serving the rising capitalists in the country. For the hardened and seasoned merchants-turned-capitalists the bureaucrats were simply *babus* who could easily be dealt with. Before Partition, they had dealt with this class and knew very well its weakness for 'monetary' incentives. Now, with the *sahibs* gone, the task was clearly much simpler.

What the rising capitalists feared were certainly not the bureaucrats. What they feared were the politicians, the feudal landlords. They were far more difficult to communicate with and would certainly not be satisfied with 'small' favours. They would want a much bigger share of the cake.

If the feudal hold was not so strong in the centre, it still exerted considerable influence in the provinces. There was a clear contradiction between the interests of the two classes. Here the capitalists hatched a perfect plan to sabotage the power of the feudalists in the provinces. With the help of the

bureaucracy, they established 'One-Unit' and with one stroke freed themselves from the influence of the feudalists at the provincial level. They now had free access to all markets.

Limits to Growth

The very forces which had led to ideal conditions for the capitalists to work under and for their emergence as the most powerful group in the state were now responsible for slowly bringing this process to an end.

The primitive accumulation of capital had taken place through a massive 'tribute' paid by the peasantry and the labourers to the capitalist class in the country. This had been achieved through the transfer of the surplus from the agricultural to the industrial sector by drastically changing the terms of trade against agriculture.¹⁴ The resulting stagnation in the agricultural sector meant that the market created by import controls was slowly being exhausted. Similarly in the cities the capitalists had drained away the purchasing power of the working class through inflation leading to a fall in its real wages.

Also, industrialization in a neocolonial state means being dependent on imports for machinery. As long as the foreign exchange earned during the Korean boom lasted, investment was high, but once the situation returned to normal the economy faced severe foreign exchange shortages. There is considerable evidence to show that the industrialists had accumulated large liquid balances in the late fifties as they could not convert Rupee profits into industrial capital.¹⁵

For the industrialists, the threat of the feudal classes loomed on the horizon. With general elections to be held by the end of 1958, it was certain that they would be returned convincingly into power. As elected representatives of the people, they would make short work of the power base which the industrialists had built for themselves.

The Military Coup and the New Alliance

The military *coup* in 1958 was the answer to all these problems. It did away with the elections and hence the feudal threat. This led to the establishment of direct links with the imperialists (who some suggest staged the *coup*). These links brought a large amount of foreign aid and solved the foreign exchange problem. The military government also banned strikes and trade union activities so as to at least postpone any threat from the workers.

The price the capitalists had to pay for this alliance was twofold. To the imperialists, they had to pay high rates of interest on the capital they borrowed and, more importantly, sell industrial goods to them at subsidised rates (through the notorious bonus voucher schemes), hence leading to a large resource transfer to these countries.

If this was the price they had to pay to imperialism, they now also had to pay a higher share to the military-bureaucratic oligarchy (MBO), which was now the governing body of the state. In its new position, the MBO would no longer be satisfied by the 'crumbs' and would definitely ask for a bigger cut.

The result was that the MBO now emerged as a more powerful group.

This led to quite a few changes. First, we saw the members of this group moving into industry, of which Ghandara is the best example. It also meant a more autonomous role for the PIDC from the purely subservient role it had played in the fifties. The MBO was not all that keen to transfer projects to the private sector which decreased their own influence over the economy. We therefore find a fall in the number of projects disinvested by the PIDC as compared to the fifties. Bureaucrats and ex-Army officers were now associated with the running of these projects.

But the major domestic share was still firmly in the hands of the capitalists. Through their alliance with foreign capital, they set up a number of new projects to increase their control over the economy. Their control over the banking and insurance sector also paid high dividends as it became a major source of finance and channelled savings from the non-corporate sector.

The result of these conditions was the great investment boom of the early years of the sixties. The confidence of the capitalists knew no bounds, and the Investment Schedule for the entire Second Plan period was exhausted in a period of one and a half years. Industrial investment reached an all-time high.

Concessions to Feudalists: Whereas the military *coup* of 1958 had put the feudalists in cold storage, it was soon realized that this group had to be accommodated in the system and allowed to share in the gains of capitalist growth. We, therefore, find the gradual induction of certain feudal groups into industry. In the Punjab, the Qizalbashes, Noons, Qureshis and Abbasis (Bahawalpur) set up industries, and in the Sind the Talpurs, Soomros and Jatois — all with strong feudal backgrounds.

But this was not the major concession. Major benefits to the feudalists came in the form of huge subsidies on tractors, tubewells and fertilizers which were to usher in the Green Revolution and to lead to a doubling of agricultural incomes in a period of just about five years. Agriculture, however, continued to subsidize industry as the resource transfer to industry continued. But it was now paid only by the small farmers, the tenant farmers and the landless labour class, all of whom had failed to gain anything from the so-called Green Revolution.¹⁶

Contradictions and Collapse

The major setback which the system suffered was after 1965 when the American government and the World Bank first cut off aid and then resumed it at a much lower level than promised. Since the entire edifice had been built upon these large doses of foreign capital, their reduction threatened the entire system.

Serious contradictions also began to arise not only amongst the monopoly capitalists but also because the rising capitalists, especially in East Pakistan, could not be pacified. There was infighting among the monopoly capitalists themselves as there were not enough new projects to be divided amongst them. (For example the fertilizer plant which had to be set up in the Third

Five-Year Plan was delayed for almost three years because they just could not decide who was to set it up.)

But a more serious threat came from the rising middle classes of East Pakistan, who had been trying desperately to break the stranglehold of the West Pakistan-based capitalists. In the early sixties, they could be placated because there was enough to go around, but now times became exceedingly difficult and the monopoly capitalists were not prepared to share with them as they had had done earlier.

All these factors resulted in a slowing down of industrial investment, although profitability was still high. Inflation began to creep into the economy and the two bad harvests of 1965 and 1966 worsened the situation. Although agriculture recovered, industry continued to lag behind.

But what finally broke the back of the system was that the working classes in the cities had been squeezed too hard. Their living standards had been falling throughout these years of great economic progress. They were not prepared to accept the system any longer.¹⁷

The result was the outbreak of the mass movement in the winter of 1968-69 which led to the downfall of Ayub's government. There are some who in fact believe that by putting Yahya Khan into power, the monopoly capitalists and the MBO made a last desperate effort to save the old system. If this is what they hoped for, they were proved very wrong. Events were to unfold which were to lead to a most tragic civil war and the breakup of the country. In their desire to save the system, the vested interests destroyed the country itself.

Notes

1. The Cartel Law Study Group on 'business malpractices, the high prices charged and exploitation of consumers' was set up in 1963 by the then Finance Minister, M. M. Shoaib. In 1965 it submitted its report, which has remained a secret ever since.
2. Papanek, G., *Pakistan's Development: Social Goals and Private Incentives*, Oxford University Press, 1967, p.33.
3. The major source of capital in the fifties was the reinvested industrial earnings which accounted for almost 50% of assets. Commercial banks contributed only 10% of the final assets in 1959. The other major source was profits made in trade, which accounted for about 20% of assets (Papanek, op. cit., p.195).
4. Hamid, N., 'Burden of capitalist growth', *Pakistan Economic and Social Review*, Spring 1974.
5. Papanek, op. cit., p.69.
6. Haq, K., and Baqi, M., 'Savings and financial flows in the corporate sector, 1959-63', *Pakistan Development Review*, VII, 3, Autumn 1967.
7. Nulty, T., 'Savings and income distribution in Pakistan', unpublished Ph.D. dissertation, Cambridge University, U.K.
8. Mehra, M., *Underdevelopment, Market Size and Technological Depen-*

- dence, New York, Pergamon Press, 1969.
9. From 1953-60, the index for manufacturing had grown more rapidly in Pakistan than in any other country for which United Nations statistics are published.
 10. Sheikh, M. A., 'Recent socio-political changes and their impact on welfare expectations in Pakistan', *Pakistan Economic and Social Review*, X, 2, December 1972.
 11. *Dawn*, Karachi, 25 April 1968.
 12. Estimates of gross fixed assets at cost are based on investment estimates of the CSO in the large-scale manufacturing sector for 1963-70. They are a much more reliable estimate of assets than the Census of Manufacturing Industries where the written book value of assets are a gross underestimation of the actual value. This is mostly because the smaller firms are notoriously inaccurate in giving values of assets. The production figures used in this study are based on the CMI which is considered to be more reliable as there is little difficulty in providing this figure even by the smaller firms.
 13. Chaudhry, M. A., 'The Emergence of Pakistan' (Research Society of Pakistan, University of the Punjab), p.354.
 14. Lewis, S.R., *Pakistan-Industrialization and Trade Policies* (London, Oxford University Press), p.65.
 15. Papanek, op. cit., p.208.
 16. Amjad, R., 'A critique of the Green Revolution in Pakistan', *Pakistan Economic and Social Review*, June 1972.
 17. Hamid, op. cit.

APPENDIX A

West Pakistan (Million Rupees)

	Non-Financial Quoted Companies		Manufacturing Quoted Companies		All Manufacturing Companies (Including Non- Quoted)	
	Gross Fixed Assets	Produc- tion	Gross Fixed Assets	Produc- tion	Gross Fixed Assets	Produc- tion
House						
1. Saigol	460.6	354.6	460.6	354.6	484.3	358.3
2. Crescent	237.8	140.8	237.8	140.8	237.8	140.8
3. Valika	312.0	104.1	228.3	67.1	228.3	67.1
4. Colony (N)	235.9	198.3	213.1	190.0	223.1	204.0
5. Dawood	220.0	350.2	220.0	350.2	220.0	350.2
6. Adamjee	166.5	191.4	166.5	191.4	186.5	216.4
7. Hoti	166.8	46.1	166.8	46.1	185.3	47.2
8. Wazir Ali	119.3	168.7	119.3	168.7	125.5	173.7
9. Amins	221.8	348.8	130.4	98.0	130.4	98.9
10. Bawany	104.8	111.0	104.8	111.0	104.8	111.0
11. Colony (F)	96.6	88.8	96.6	88.8	96.6	88.0
12. Hussain	89.4	111.9	89.4	111.9	89.4	111.9
13. Zafar-ul-Ahsan	80.2	32.3	80.2	32.3	80.2	32.3
14. Premier	70.4	105.3	70.4	105.3	79.5	118.9
15. Ghandara	69.5	137.3	69.5	137.3	69.5	137.3
16. Nishat	53.3	54.6	53.3	54.6	68.3	66.6
17. Hyesons	50.7	67.5	50.7	67.5	67.9	86.4
18. Gul Ahmed	66.3	66.3	66.3	66.3	66.3	66.3
19. Habib	65.3	83.7	64.0	83.0	64.0	83.0
20. Beco	64.0	99.6	64.0	99.6	64.0	99.6
21. Rahimtoola	52.7	53.6	52.7	53.6	52.7	53.6
22. Shah nawaz	37.1	44.8	37.1	44.8	52.1	59.8
23. Reyaz-o-Khalid	50.9	18.3	50.9	18.3	50.9	18.3
24. Noon	48.8	41.1	48.8	41.1	48.8	41.1
25. Fateh	46.5	60.1	46.5	60.1	46.5	60.1
26. Momoo	—	—	—	—	45.0	45.0
27. Arag	24.1	26.5	24.1	26.5	41.9	46.1
28. G. Faruque	38.1	44.3	38.1	44.3	38.1	44.3
29. Karim	37.9	34.2	37.9	34.2	37.9	34.2
30. Dada	37.4	18.6	37.4	18.6	37.4	18.6
31. Fancy	107.8	133.4	36.3	61.0	36.3	61.0
32. Hafiz	35.5	37.3	35.5	37.3	36.5	37.3
33. Maula Bux	32.1	17.6	32.1	17.6	32.1	17.6
34. Dadabhoy	29.7	24.0	29.7	24.0	29.7	24.0
35. Khanzada	28.7	37.3	28.7	37.3	28.7	37.3
36. Haroon	7.5	16.5	7.5	16.5	24.6	70.0
37. Mill Wala	—	—	—	—	20.0	20.0
38. Rangoonwala	18.3	50.5	18.3	50.5	18.3	50.5
39. A. Khaleeli	10.4	45.2	10.4	45.2	10.4	45.2
40. Ferozesons	9.8	39.2	9.8	39.2	9.8	39.2
41. Haji Dost	8.6	9.5	8.6	9.5	8.6	9.5

Sources: For Gross Fixed Assets, see Central Statistical Office (CSO) Govt. of Pakistan publication on Estimates of Investment 1963-70; and production figures from *Census of Manufacturing Industries* various issues, Statistical Division, Govt. of Pakistan, Islamabad.

10. Role of the Government in the Development of the Labour Movement

Zafar A. Shaheed

The primary goal of the labour movement is the defence and the promotion of the interests of the working class. However, its organization and development takes place, especially in underdeveloped countries, within the context of an elaborate legal and institutional framework and administrative controls. The goals of governments in establishing and administering such controls are subject to the influence and demands of the employers who wield enormous power in the making of public policy. Therefore, an inherent conflict lies at the juncture of the two sets of goals, which is reflected in the making and implementation of labour policy.

Labour policy in Pakistan reflects the vagaries of the changing mechanisms through which successive governments have attempted to channel the course of the labour movement. These national policies have by no means been identical with the aspirations of the labour movement. The methods of the state have ranged from those that entangle the labour movement in a variety of administrative processes to those that subject it to legislative prescriptions. This article examines these methods of control and their effects on the development of the labour movement in Pakistan.

The Scene at Independence

The institutional framework inherited from the British at the time of independence in 1947 was based on the recommendations of the Royal Commission on Labour in India, which conducted an extensive survey on labour conditions in the Indian subcontinent during 1929–31. These recommendations determined to a large extent the basic framework of the ensuing labour policies which controlled the labour movement in both India and Pakistan. The appointment of the Royal Commission in 1929 immediately followed a high level of industrial conflict for which it was intended to provide a solution. During the 1920s, there was a growing strike movement in India, paralleled by the growth of a militant leadership within the labour movement.

* This paper is partly based on interviews with numerous workers and labour leaders. The author wishes to acknowledge his debt to all those who have helped him in this research.

In 1928 this militancy culminated in the loss of 31.5 million working days, forcing government concessions on certain labour demands. As a complement to the appointment of the Royal Commission, the government arrested 32 radical leaders and brought them to trial on charges of conspiring to overthrow the government. The trial continued for three and a half years while the Royal Commission prepared its report. Understandably, the militant leadership of the All-India Trade Union Congress, (AITUC) boycotted the work of the Royal Commission.¹ This pattern of periods of industrial militancy followed by the reformation of labour policy designed to accommodate and contain the pressures of such militancy is repeated under successive governments after independence.

The British government permitted the growth of trade unions and a system of collective bargaining within specific limits embodied in the Trade Unions Act of 1926, the Factories Act of 1934 and the Industrial Disputes Act of 1947. Although the process of forming a trade union was relatively simple, through the Registrar of Trade Unions the government retained its controlling hand by virtue of its powers of registration or cancellation of registered status of all labour organizations. As a result of the relative ease of unionization, it was suggested to the ILO Labour Survey that 'in some cases the formation of rival unions had been deliberately encouraged by the employers'.² This is one example of the ways in which apparently beneficial labour laws may be used against the interests of the workers. The provision of conciliation services, courts of enquiry for industrial disputes and adjudication services through industrial tribunals allowed the government to participate actively at each stage of an industrial conflict.

While encouraging the resolution of industrial conflict through these channels, the government discouraged and penalized strikes and lockouts. To this end, special restrictions were imposed on those enterprises designated as Public Utility Services. In practice, however, these provisions were applicable to the whole range of Indian industries existing at that time.³ Since British India was a founding member of the International Labour Organization, certain conventions of this international body contributed to the form and character of industrial relations and their regulation. Most notable are the ILO Conventions No. 87 and 98, which concern the freedom of association and the protection of the right to organize. Legislation and regulations thus proliferated. As a researcher correctly noted, 'In the beginning, there were more labour laws than industries in Pakistan'.⁴

Pakistan inherited only 9% of the industrial establishments existing in the subcontinent at the time of independence.⁵ This low level of industrial development was paralleled by a low level of working class organization, which was concentrated mainly among railroad and port employees. The labour movement was further weakened by the effects of the Partition, in which it was severed from the parent organizations in India. The two labour organizations with substantial followings at the time were the communist-led (AITUC) and the India Federation of Labour (IFL) led by M.N. Roy. The majority of the unions located in the provinces which became

West Pakistan were affiliated with M.N. Roy's IFL. Formed in 1942, this organization essentially represented those segments of the labour movement which supported the British war effort. The IFL followed a policy working within the given economic framework and disassociated itself from politics.

Those labour leaders who had been associated with the IFL formed the Pakistan Federation of Labour in 1947. The unions in West Pakistan which had been affiliated to the AITUC joined together to form the Pakistan Trade Union Federation in 1948. Similarly, in East Pakistan, where most of the unions had been affiliated to the AITUC, the East Pakistan Trade Union Federation was created.

The Beginning of Industrialization

In the absence of an existing entrepreneurial class, the Pakistani government itself fostered the growth of a class of industrial entrepreneurs from various minority trading communities originating from Gujarat and Kathiawar and from Chiniot in the Punjab. The government set up a variety of institutions to support industrial investment, demonstrating its commitment to support the new industrialists in every possible way. The negative repercussions on the Pakistani economy have been substantially documented.⁶ The government had little doubt from the outset about its priorities, although it claimed that rapid economic development was consistent with the interests of the workers. The subordinate role of labour was stated with appropriate rhetorical ambivalence by the first Prime Minister of Pakistan in his address to the first Tripartite Labour Conference.

We must create conditions which are favourable to labour. My government will take all necessary steps to see that labour gets its due share in all enterprises. . . . Labour must remember that the interests and the welfare of Pakistan come before the interest of any individual or class of individuals and it must not do anything which in any way weakens Pakistan. If Pakistan endures and prospers the problem that labour has can be solved.⁷

The government itself promoted the formation of a labour organization which would agree to the goal of unmitigated rapid economic development. Many of the leftist leaders of the East Pakistan Trade Union Federation (renamed the All Pakistan Trade Union Federation in 1949) were successfully isolated,⁸ and the organization was brought into line with the much more accommodating Pakistan Federation of Labour in the West. The union of these two organizations in the All Pakistan Confederation of Labour (APCOL) in 1950 was largely achieved through the efforts of Dr. A.M. Malik, who had been the president of the East Pakistan organization and an important labour leader in undivided India. Dr. Malik was appointed Labour Minister of the Central Government in 1950, for the primary purpose of

bringing the labour movement into a centralized body under government influence. (Many years later he was to become a principal minister under Yahya Khan, and then Governor of East Pakistan during the military operation which brought his career to a tragic end.)

In his inaugural speech in celebration of the formation of APCOL, Dr. Malik adhered to government policy by warning workers against demanding wage increases which would be against 'the greatest interest of the nation'. He also warned them against the forces of ideologies differing from the one officially espoused by the government:

I know there are groups and parties in this subcontinent who because of different ideology sincerely desire an upheaval and chaos because by creating a disease and then nursing the patient they want to gather their forces. Many do not foresee that if you create a disease in a weak body all cures may fail and the patient may die. We must be very careful about that class of our friends. I know there are labour leaders who are worse exploiters of the workers than the employers. They put forward high demands, give cheap and catchy slogans, excite strike (s) and at the end sell the cause of the labourers if their own interest is satisfied.⁹

Opportunist individuals have always been involved in the labour movement for egotistical and material ends. However, it is interesting that Dr. Malik attributes these motives to labour leaders who were motivated by ideologies opposed by government, when in fact the real opportunists have always eschewed ideology and cooperated with the government. In fact, the work of APCOL was aimed more against organizations with 'different ideology' than against corrupt trade union leaders.

The manner in which the government coopted the Pakistan Trade Union Federation (PTUF) indicates the mechanisms of control at its disposal, as well as the actions it was able to sponsor. The PTUF based its strength on the workshop employees of the North-Western Railways, who had formed a union before independence. By 1954, the total membership of the registered trade unions of the PTUF was 410,755, or about 10% of the organized workers of East and West Pakistan.¹⁰ Considering that the PTUF's membership was concentrated in West Pakistan, it is not unreasonable to suggest that in 1952-53, it was a powerful organization in the Province, and perhaps the most representative union of the West Pakistan railway workers.

Because the PTUF was most active in the Punjab, a Punjab Labour League was promoted by the government in 1949, with the express purpose of attracting workers away from communist-led unions. However, when the Punjab Labour League proved to be ineffective, it was dissolved in 1954. By that time, the government had devised other methods of neutralizing the PTUF. Its president, Mirza Ibrahim, was arrested and imprisoned in 1948 for fomenting strikes which had been declared 'illegal'. Faiz Ahmed Faiz, President of the PTUF from 1948-51, was arrested in 1951 on the charge of conspiracy with high military personnel to overthrow the government, and

remained' in prison until 1954. Mirza Ibrahim was released in 1951, only to be imprisoned again in 1954. The Secretary General of the Federation, Mohammed Afzal, was also in jail during 1954–55.

Finally, in 1954 the Communist Party was banned. The PTUF, designated as the labour arm of the CPP, was also banned. Its offices were sealed, and its official records and publications were seized by the police. Thus, through arrests and imprisonment of its leaders a legal ban and police harassment, the government broke the strength of the militant labour federation on the grounds that it was guilty of a subversive political orientation. Internal dissension was also a contributing factor in the downfall of the PTUF. One of the leaders, Fazal Elobi Qurban, was expelled from the organization as a 'revisionist'. In 1953, Kwhaja Mohammed Hussain and Sindhi Khan left the PTUF and founded the Pakistan *Mazdoor* (Workers') Federation.

Despite its success in controlling the organized labour movement, or perhaps because of it, the government faced increased spontaneous labour unrest. This was largely a result of the massive influx of Muslim refugees from the northern and central provinces of India at the time of Partition. The majority of refugees were workers who were absorbed into the growing industrial centre of Karachi. Initially, the creation of Pakistan was regarded as a panacea for all the disabilities of the Indian Muslims; but that belief faded rapidly in the light of actual events. Growing labour unrest threatened to develop into country-wide strikes by 1955. The government responded by announcing a new labour policy, replete with the lofty ideals of improved working conditions, higher wages and workers' participation in management. These ideals were not put into practice, as they were clearly subordinate to the government's commitment to rapid industrialization and total support for the industrialists. The preamble to the 1955 'Labour Programme and Policy' stated: '... in this country where industrialization is in its early stages, the government is anxious that while labour should get its just rights, industry should not be hampered by unnecessary upheavals and strikes'.¹¹

Despite the largely academic benefits accruing to labour in the new policy and the efforts of the government at enforcing industrial peace, the number of industrial disputes rose and strikes lasted longer. This period was also characterized by political instability; there was a series of changing governments, with the ruling political party, the Muslim League, isolated from the masses. The Muslim League remained in power mainly due to the support of the bureaucracy and the army. This support was retracted in 1958, by which time the Muslim League governments had become thoroughly discredited as corrupt. An army *coup* was engineered which brought Ayub Khan, the Commander-in-Chief of the Army, to power.

'The Decade of Development'

The disguised dictatorship of Ayub Khan, or the 'basic democracy' as the government preferred to call it, strengthened the state. This long ten-year

period of 'stable' government accelerated the implementation of the national policy of rapid capitalist development to the continued detriment of social welfare. In a significant development, there was a shift of industrial investment away from Karachi. Ayub Khan did not enjoy the support of the Karachi population, and he feared that too much importance had been given to the growth of Karachi, which was the industrial centre with the largest concentration of the organized working class. Consequently, under Ayub, industrial licensing was geared towards the dispersal of industry. New industry began to grow in Lahore, Lyallpur, Multan, Hyderabad and other cities, and these formed growing centres for working class concentration.

The sixties were termed the 'Decade of Development', and Pakistan was lauded in the West as a dynamic model of Third World capitalism. It was believed that the growth of the economy as a whole would bring about a real improvement in the living standards of the lower income groups. Instead the poor suffered increasingly. From the early fifties, real wages have steadily fallen. For example, the share of wages in the value added of manufacturing industry was 45% in 1954, but dropped to 25% by 1967.¹² The increasing concentration of wealth in the hands of a minority (see Chapter 5, by Rashid Amjad) clearly indicated the government's priorities. This concentration of wealth was realized partly at the expense of an industrial working class already suffering an alarming degree of exploitation.

The Institutional Framework of Industrial Relations

The trend of government intervention in the settlement of industrial disputes was heightened during this period. Rather than leaving industrial relations to collective bargaining, the government mediated through the administrative procedures of conciliation and adjudication. The establishment of permanent Industrial Courts and the appointment of government conciliation officers brought increased state control. In 1959, the government took away the strike weapon from the labour movement by an amendment to the labour laws in which the clause relating to strike restrictions in Public Utility Services was modified to cover the bulk of large-scale industry.

The government did not wish to openly contravene the ILO conventions upholding the rights of labour to organize and strike. Instead, it forced the contending parties to engage in such lengthy legal procedures that strikes and lockouts were virtually impossible.¹³

As a result, disputes transcended from the domain of collective bargaining to the plane of legal sophistry. The discord in industrial relations in the following years may largely be attributed to extending the scope of adjudication for all types of industrial disputes.¹⁴

As an added measure of precaution, in case the government directives against industrial action were contravened, the government promulgated a new Presidential Ordinance in March 1963, banning the publication of any news items relating to strikes or industrial unrest.

The Reactions of the Labour Movement

The government restrictions were initially successful in achieving a decline in work stoppages, but there was no appreciable decrease in industrial disputes. A time limit of three months for the adjudication of an industrial dispute had been eliminated by the 1959 Industrial Disputes Ordinance. Legal procedures in the Industrial Courts therefore became interminable. The workers became frustrated by these continuous confrontations in courts whose terms of reference were alien to them and most of their representatives. Even when union leaders were able to cope competently with the complicated legal procedures, the length of time involved in court made litigation futile. As one union leader explained, 'If I am fighting a case for a worker who has been illegally dismissed by the employer, it is not unusual for the case to drag on for six months. That man is going to starve without employment during that time.'¹⁵ This same union leader resorted to strike action after one and a half years of procrastination in the courts.

Much of the labour agitation during the early 1960s was directed at restoring the rights lost in 1959, particularly the right to strike and to choose union representatives through secret ballot. The procedures for recognizing union representatives contained in the 1959 labour laws could easily be manipulated to create management-controlled 'pocket-unions'.

In 1962, a successful strike in a tobacco company in Karachi gave the labour movement the impetus to establish an alternative organization to oppose prevailing conditions, the *Mazdoor Rabita* (Workers' Coordination) Committee. Such committees have been instrumental in the development of the labour movement in South Asia as rallying points for militant activity during periods of state repression. In this instance, the actions of the *Mazdoor Rabita* Committee were successful in discrediting the pro-government APCOL, which was totally ineffective in its attempts to control and call off the tobacco workers' strike. The *Mazdoor Rabita* Committee attracted militants who until then had either been underground or working with the existing pro-government labour organizations. Workers in textile mills, where conditions were relatively worse than in other industries, led the strike movement which followed. It was opposed by massive police firing which resulted in many deaths. The movement culminated in a strike which affected all the industrial units of Karachi for a period of eight days in March 1963.

This strike was initially successful in that the labour movement managed to extract promises of strike pay, an unheard-of concession at that time. However, the employers later refused payment to all workers, which sparked new protests and spontaneous strikes. The government retaliated by arresting 800 workers, including all the top leaders, forcing labour to resume production. The government's show of strength thus encouraged employers to carry out reprisals in the form of large-scale dismissals of employees.

In a further move towards fragmenting the labour movement, the government sponsored a Pakistan Labour Federation, into which it hoped to incorporate the labour leaders as they were released from prison. One such labour leader, who had been particularly successful in organizing textile workers in

Karachi, emerged from prison to find that the registration of all the unions he had led had been cancelled. He was then 'invited' to join the Pakistan Labour Federation. When he refused and attempted to continue his union activities, the labour cases he took to the Industrial Courts and to the Labour Directorate for conciliation were rejected. Without registered unions, he was not recognized as a union representative by the government institutions. He was finally compelled to form an alliance with another labour leader in order to operate under the organizational umbrella of the Labour Federation led by the latter.¹⁶

While suppressing the militant activity of 1963–64, the government did make certain concessions in the form of increased wages and more favourable decisions in the Industrial Courts:

The generally authoritarian and discriminatory labour policy adopted by the Ayub regime would suggest that the government could have safely ignored threats made by labour. But in 1964, when preparations were being made for a general election in which the government wanted to project an image of broad-based political support in both urban and rural sectors . . . attempts may have been made to appease trade unions.¹⁷

Through a combination of these various measures, the government was successful in curbing the militant actions of the labour movement. In fear of further reprisals, several important leaders of the March 1963 movement retired from the active labour scene for the next few years, only to reemerge in 1968 in the context of another mass movement.

The Role of Labour in the Fall of Ayub Khan

A combination of economic and political grievances accumulated over the 'Decade of Development' led to a mass movement against Ayub Khan. Pakistan experienced an alarming rate of inflation as part of the expensive aftermath of the 1965 Indo–Pakistan war, which exacerbated the already miserable conditions of the masses. The non-representative character and corruption of political institutions were increasingly apparent. Since the people were not able to fight for their rights through normal political channels such as a parliament, they took the extra-parliamentary road and met with dramatic success. Workers allied with students and unemployed elements in all the major cities of both West and East Pakistan in a protest movement which began in November 1968 and continued until March 1969, when Ayub was forced to withdraw from Pakistani politics.

This was an important formative period for the labour movement. In the process of the mass political mobilization of the winter of 1968–69, traditional labour leaders who had insisted on working within the parameters of government policies and who had already been discredited in the 1963 industrial action in Karachi, were definitely left behind. Through shared political work in several strike and action committees, young radicals whose

activities had previously been limited to student politics now interacted with workers in a common enterprise. This interaction often led to the formation of new labour organizations with more socially ambitious goals than those of modest wage settlements. For example, the *Muttahida Mazdoor Federation*, formed by dissidents from the Pakistan National Federation of Trade Unions (affiliate of the ICFTU), allied with student leaders who had become active in the labour field and with militant shop-floor workers.

The relatively independent nature of this worker militancy was demonstrated particularly in Karachi, the city with the largest single concentration of the urban proletariat. The Karachi workers continued to fight as if Ayub had not abdicated, and occupied several factories and expelled the managers. While middle-class opposition leaders met with Ayub in a conference designed to keep the existing social order from disintegrating, a general strike paralysed the docks and railways on 17 March 1969. An army junta under Yahya Khan took over from Ayub and imposed martial law on 26 March 1969. Significantly, certain sections of the Karachi working class continued their strike despite the steep penalty for striking, which under martial law ranged from 25 years' imprisonment to death.

During this ten year period, it clearly became difficult for labour to receive just and expedient awards in an industrial relations system that was increasingly dominated by the state conciliation and adjudication procedures. Those labour leaders who were frustrated with the lengthy court process opted for other, more practical methods of dispute-settlement, often with mounting pressure from the rank-and-file trade union members, who demanded faster results. Labour leaders who failed to change their *modus operandi* to accord with changing conditions lost their credibility among the workers and their following was considerably reduced. The parameters of the existing social order which, through comprehensive labour laws, had been delimited with respect to the working class, were challenged by forces outside and in opposition to the legal boundaries. If these forces had been efficiently organized and unified, the parameters of the existing social order in Pakistan may have been very different to those in operation today.

The Labour Policy of the 'Caretaker Government'

The imposition of martial law in 1969 was in response to a deep social and political crisis. None of the established political leaders opposed its imposition — in fact, they welcomed it at a time when the situation had rapidly moved beyond their control. In view of the critical situation, Yahya Khan made some conciliatory remarks concerning the need for social equality, harking back to speeches made at similar occasions by his predecessors:

In our circumstances, there is no alternative to planned economic development. But planned development cannot be isolated from the demands of social justice. The wide gap which separates the different

sections of society must be narrowed, and the imbalance which led to social strife and discontent must be removed The objective of planned economic development should be the general raising of the standard of living all over the country and not the building up of a privileged class to the detriment and disadvantage of others.¹⁸

The turbulent period preceding the imposition of martial law had brought an unprecedented degree of working class militancy to the surface of the labour movement. The government now required a new organizational framework for the containment of this militancy. The first task of Air Marshal Nur Khan, the Deputy Chief Martial Law Administrator and overlord of the Ministries of Education, Labour, Health and Social Welfare, was to win the confidence of the leadership of the labour movement.

To this end, Nur Khan made demagogic statements concerning the unfair treatment of workers. A Tripartite Labour Conference was called in Karachi, where labour leaders were invited to meet with employers, government functionaries and advisers to formulate a new, more 'realistic' labour policy. These overtures had an enormous psychological impact on the labour leaders. For the first time, the government was seeking their advice and giving importance to their viewpoint; for the first time, the government appeared to give serious consideration to the labour problem. As a result, labour leaders had high expectations regarding the government's intentions. In the Industrial Relations Ordinance (IRO,) of 1969, the government criticized the attitude of employers:

[These] by and large first generation industrialists have failed to realize the contribution which a contented and well-motivated worker can make to productivity and profitability. They have looked upon trade unions as instruments of extortion rather than as institutions through which mutual give and take can lead to a peaceful resolution of conflict and possible higher productivity.¹⁹

In the interests of higher productivity, the government proposed the adoption of a 'sole bargaining agent' to solve the problem of rivalry caused by the multiplicity of trade unions in the same establishment. The elections to determine this sole bargaining agent were to be held under the auspices of the labour department and the management of the enterprise concerned. Once established, the leadership of a union could easily perpetuate itself, since no rival faction could effectively oppose it.

With frequent amendments, the Industrial Relations Ordinance (IRO) of 1969 remains the labour law of Pakistan. The labour leaders at the time perhaps did not readily grasp its practical implications, but its subsequent implementation has clearly revealed its constricting character. One of the primary goals of the IRO was to prevent 'illegal' strikes and lockouts. Legal procedures leading to a strike or lockout were made extremely complicated and lengthy, and referred the parties to third-party mediation at various stages. If

by some remote chance a legal strike or lockout did materialize, the government, through another clause, could prohibit it if in its view the strike or lockout was causing hardship to the community or was prejudicial to the national interest. A strike or lockout was declared illegal if it was continued against the orders of the Federal Government, the National Industrial Relations Commission, a Provincial Government, a Labour Court or a Tribunal.

In retrospect, the bold and 'liberal' labour policy declarations of Nur Khan, the scion of a big landowning family, can be viewed as the rhetoric of an ambitious aspirant for power. Within the ruling junta, 'Nur Khan. . . wanted to create an image for himself as against Yahya, by introducing "radical" reforms.'²⁰ Subsequently, Nur Khan was divested of his responsibilities at the Centre and appointed Governor of West Pakistan, setting at rest the minds of powerful business pressure groups, with whom Yahya Khan had close personal contacts.

The basic problem of increasing antagonism between workers and employers, which had necessitated the proclamation of a more 'liberal' labour policy, remained unresolved and assumed larger dimensions. The movement which the workers had taken into their own hands was not amenable to control through legal overtures. The industrial situation was such that the President of the All Pakistan Textile Mills' Association had occasion to complain to the government that the textile industry had been 'encircled' by labour since 1969.²¹ 'Encirclements', or *gheraos*, were a technique perfected by the workers in the 1968-69 industrial protests. By literally surrounding the management, workers could extract demands in a more expedient fashion than through lengthy court procedures.

The workers of course met with resistance. There was a ban on political activities at the beginning of the Yahya Khan regime which extended *a fortiori* to industrial activities. A series of wide-ranging retrenchments started in Karachi in 1969, coinciding with the imposition of martial law. In Karachi alone, 45,000 workers were retrenched during Yahya's regime.²² The military courts abounded with labour leaders and workers, along with students and political activists. The practical application of the government's labour policy 'seemed allied more with short-term objectives, aimed principally at minimizing work stoppages and maintaining urban tranquillity.'²³ The caretaker government of Yahya Khan was neither able nor willing to undertake the fundamental changes in the economic system which were necessary to nurture the sort of amicable industrial relations allegedly sought by its labour policy. In any case, the government was more concerned with the election campaigns of January to December 1970, and then with the political turmoil which led to war with India and the creation of Bangladesh.

'The People's Government'

Although the massive upsurge of the winter of 1968-69 culminated in the downfall of Ayub Khan, it did not realize any objectives of fundamental

change or even a restructuring of political institutions. This was partly due to the absence of a unified organizational leadership. During the Ayub regime, when foreign relations with China were initiated, the majority of leftist groups adopted an ambivalent attitude towards the government, starting an unfortunate tradition. This policy was reinforced by the belief that the government was entertaining an 'anti-imperialist' alliance with China. As a net result of this ideological confusion, certain segments of the left leadership adopted an attitude of tolerant opposition or even virtual support of the government.

Z.A. Bhutto had been dismissed in 1966 from Ayub's cabinet after the United States had been displeased by his anti-American speeches at Afro-Asian meetings. From among the existing political leaders, he played a leading role in opposing Ayub's government. The fact that Bhutto's politics became a rallying point for disaffected sections of radicals, students and poor people can be attributed in part to the ideological and organizational inadequacies of the left.

After a careful assessment of the various opposition forces at play in the political arena, Bhutto launched his Pakistan Peoples' Party (PPP) in December 1967. This is not the place for an examination of the social basis of the PPP, but for our purposes it is important to note that a substantial section of left-wing members of the labour movement entered into alliance with the PPP from the outset, and were subsequently instrumental in acquiring working class votes for the party. The catchy PPP slogan of *roti, kapra aur makan* (bread, clothing and shelter) was very attractive to the poor masses, who had been denied any improvement in their living standards under preceding governments. It was certainly instrumental in raising their socio-economic aspirations and mobilizing their support. The PPP also enjoyed the support of many members of the landed classes in Sind and the Punjab, who were presumably mobilized on a different basis given the fact that they already had plenty of bread, clothing and shelter. These promises were rather exaggerated, and whether they were ever intended to be fulfilled remains a debatable point.

The workers, however, expected the electoral promises to be fulfilled, and actively pressed their demands. A government publication described the industrial situation at the time the PPP took office:

Strikes, factory sit-ins and lockouts were rife, crippling the entire industrial complex and bringing production almost to a stop As soon as Mr. Bhutto's Pakistan Peoples' Party, pledged to Islamic Socialism, the end of exploitation of man by man and a betterment in the lot of the workers and the peasants, assumed office, the dam containing over a decade of pent-up workers' emotion burst.²⁴

The new government, nevertheless, adopted an ambivalent attitude towards the workers, in keeping with its ambivalent political platform, in its attempts to control the industrial situation. The result was a classic example

of the 'carrot and stick' policy. On the one hand, the government issued directives to the employers, demanding the reinstatement of all workers retrenched during the preceding military government, and spoke of a new 'comprehensive labour policy' which would benefit the workers. The Federal Labour Minister asserted that the party could not ignore the fact that the workers had made great sacrifices for the success of the PPP. On the other hand, the government deplored the lack of law and order arising from labour unrest, and warned labour that enemy agents were within its ranks. Employers' organizations threatened to close down all industrial establishments unless industrial anarchy was curbed. The government's attitude was crystallized in Mr. Bhutto's remarks during the announcement of his new labour policy. He expressed confidence that 'all intolerable activities such as *gherao* will now come to an end; otherwise, he warned that, 'the strength of the street will be met by the strength of the State.'²⁵

The announcement of the new labour policy by the Bhutto government in February 1972 was a direct response to the heightened state of worker militancy, and also reflected the political reality that the PPP was compelled at least to appear to service its debts to the workers for their electoral support. Ironically, the effects of the measures, far from being concessions, further tightened government control over industrial bargaining. The new policy was based on the IRO of 1979 and its various amendments, and contained what one overly optimistic researcher termed 'fabulous provisions' for labour. He found, however, that the reactions of workers and labour leaders to these provisions were 'not very thrilling. Perhaps they feel that these are only *de jure* legislative measures, *de facto* would be the sweet will of the industrializing elite. They seem to have a firm faith that the attitudes of their employers cannot be changed through legislative measures.'²⁶ In fact, many labour leaders found the 1972 amendment ordinance 'extremely harsh and restrictive', and demanded its suspension.²⁷

The fact that the 1972 labour policy did not have its intended effect of calming the workers compelled the government to resort to the other means at its disposal.

The Strength of the State Subdues the Strength of the Street

In December 1971, the release of those militant activists who had been imprisoned by the military authorities, partly to insure peaceful elections, restored many labour leaders to the movement. Most of these militant leaders had come into prominence during the upheavals of 1968-69, and had been dismissed by their employers in the continuing retrenchments. To a large extent, they determined the form of industrial action which embarrassed the Bhutto government during its first six months in office. Their primary goal was the reinstatement of retrenched colleagues and an end to lockouts, which had continued despite government directives to the contrary. The Bhutto government began to arrest workers within 40 days of assuming power.²⁸ The strong stand that the government resolved to take when it announced its labour policy was given added impetus by the increasing pre-

ssure of the industrialists who threatened *en bloc* closure of their establishments if 'the lawlessness was not checked'.²⁹

In retaliation, six major trade union federations joined to form the Sindh Workers' Convention. Between them, they represented over 75% of the total labour force of Sindh Province.³⁰ Their aim was to launch movements against anti-labour laws, the banning of strikes and other punitive measures. Previously, at the grass-roots level, workers had joined to create the Karachi *Mazdoor* (Worker) Action Committee, with Bawar Khan of Zaibتون Textile Mills as Chairman, and two representatives from each of the 18 unions in the Sindh Industrial and Trading Estate (SITE). In the other Karachi industrial area, the Landhi/Korangi Labour Organizing Committee had achieved a similar unification of forces earlier in 1970.

The first confrontation with the state took place in SITE, the larger of the two industrial areas. At least three workers were killed on 7 June 1972, when police opened fire on workers who had *gheraoed* the management of a textile mill when they did not receive their wages on payday. On the following day, the police opened fire again when the funeral procession bearing the one corpse retrieved by the workers passed out of the workers' colony. Police sources reported ten deaths, including those of a woman and an infant.³¹

Mr. Bhutto, returning from a successful international tour, put forth the 'conspiracy theory', which is frequently invoked in Pakistan. His statement reveals the ambiguous attitude of the government towards the workers:

We consolidated the forces of labour and led them to victory. How can we work against their interests? How can we be opposed to their just demands? . . . [The people] must clearly understand and identify the forces which are working against them and against Pakistan at this decisive hour. . . . two days before I was to come back (after winning laurels for Pakistan) there were these ugly incidents in Karachi. These incidents synchronized rather precisely with my return.³²

The thousand industrial units of SITE and Landhi were all on strike for 12 days. Following a week-long discussion between labour leaders and the government authorities, a compromise was reached whereby three of the officials involved were to be transferred, and a one-man tribunal headed by a Sindh - Baluchistan High Court Judge would enquire into the firing. Despite the pleas of their leaders to accept the offer and return to work, the workers rejected the compromise and demanded a public enquiry into the firing, that all the officials involved be sacked, as well as various compensations. After considerable difficulty, the leaders successfully coaxed the workers into accepting the compromise and resuming production, and then only at the behest of Bawar Khan, a labour leader who had emerged from the shop floor and the lanes of the workers' colony. The traditional labour leaders of white-collar or professional middle-class origin, were shouted down when they presented the compromise solution at the workers' meetings.³³

The conflict in Landhi started over wage demands in a government-run machine tool factory, and spread to the neighbouring textile mills. Paramilitary forces finally broke into a mill to eject the workers staging an all-night vigil in support of their demands. Four persons were killed in the ensuing firing.³⁴ As factories in Landhi remained on strike, police forces searched the hills behind the industrial area for the 'ringleaders'. A battle occurred when they disrupted a workers' meeting, and two more workers were killed and about 50 injured.³⁵

Although the government did compensate the families of the dead workers, as it had in SITE after the June killings, it was not willing to negotiate on any demands. The Chief Minister of Sindh gave the employers permission to terminate the jobs of those workers who did not resume work within 48 hours. The days were reminiscent of the end of the March strike of 1963 under Ayub Khan. The army was called out in Landhi, and another worker was killed. The police escorted workers into factories *en masse* to resume production.³⁶

The New Institutional Framework

The government maintained that the labour leaders were all too ready to criticize the labour laws, without being willing to participate in their formulation. During the summer of 1972, between the two confrontations in SITE and Landhi, the government called a Tripartite Labour Conference. All the trade union federations jointly formulated comprehensive suggestions and amendments to the labour laws, and presented an agreed draft to the 1972 conference and again to another conference in 1973. No account was taken of these suggestions. Meanwhile, the conditions behind the protests remained unremedied: growing unemployment and retrenchments, increases in the cost of living, the imprisonment of labour leaders, and resentment over amendments to the labour laws made without regard for the demands and proposals emanating from the labour movement.

In October 1974, the government consolidated its strong position through a Presidential Ordinance which further amended the existing labour laws. The industrialists immediately acclaimed the Ordinance as 'fulfilling a need which was being felt for long, for effectively maintaining industrial peace in the country'.³⁷

The government's priorities were quite clear. In presenting the Industrial Relations (Amendment) Bill (1974) to the National Assembly in February 1975, the Labour Minister said that its aim was to check the multiplicity of trade unions which were hampering the growth of a 'healthy' trade union movement. The points that he did not explicitly clarify were *which* unions would be eliminated in order to eliminate the multiplicity of trade unions, and *for whom* and *to what ends* the labour movement would be rendered healthy. The Finance Minister, who until recently held the labour portfolio, said that the law also aimed at dealing with corrupt labour leaders who created unrest in the industry to serve their own ends. Such leaders were neither the friends of the workers nor of the people and hence needed to be

punished if they worked for illegal strikes.³⁸

The workers' representatives were unanimous in their criticism of the new labour policy. One of their major concerns was that the Registrar of Trade Unions, a government appointee, was given more powers over the recognition of trade unions. Before, when there was only one trade union in an establishment and it included at least one-third of the total number of employees, it was deemed the sole collective bargaining agent. Under the new law, such a union still has to apply for certification from the Registrar before it can be recognized:

This will entail a lengthy process to receive the final license of certification by the collective bargaining agent from the time of organizing by workers and forming a trade union, and the period in between will give a golden chance to the employers to utilize all the tactics, devices, influence, setting up of rivalries, etc., to frustrate the efforts of the workmen.³⁹

The section on unfair labour practices has been extended to apply to any 'other person', in addition to workmen and trade unions, who is charged directly with engaging in such practices. The purpose of this is to implicate:

... any person with the workmen and the trade union. Not only this; ... a lawyer or an advocate ... conducting the case of the workmen or trade union, before the conciliator or labour court, and defending them, will fall prey into the hands of the employers. Thus nobody will be prepared to appear or conduct a case, particularly in alleged strikes or go-slow.⁴⁰

In 1972, the government had established the National Industrial Relations Commission (NIRC), which had first been proposed in the IRO of 1969. Its primary role was 'promoting and nurturing industry-wise labour federations at the provincial and then at the national level'. The absence of such industry-wise federations had been a serious shortcoming of the Pakistani labour movement, as has been pointed out by the ILO on several occasions. In practice, however, the role of the NIRC has been restricted to the 'settlement of industrial disputes'; in this capacity, according to one labour leader, it has proved to be a thorn in the side of the labour movement'.

The labour laws invest the Commission with the power to function as: a registrar of trade unions, a junior labour court, a labour court, a labour appellate tribunal, a promoter of trade unions at industrial and national levels, a magistrate, an adviser to the government, a union or federation, for workers' education in the essentials of trade unionism, and education in respect of their rights and obligations, and an appellate court to its own judgements. In fact, the Chairman of the Commission is the sole authority. Added powers were conferred on the NIRC through the 1974 legislation. Since its establishment, various trade union federations have repeatedly de-

manded the abolition of the Commission. This demand was reiterated by the workers' representatives in their memorandum on the labour laws to the Prime Minister.

The new legislation established a Wages Commission, which may serve to deprive the trade unions of the right to bargain for wages and other terms. 'The reference to the wages commission' also precludes the workers from taking their demands/industrial disputes to labour court'.⁴¹ The list of unfair labour practices has been extended, and the degree of punishment for these offences has been increased, 'with the condition that the fines/penalties imposed on the office-bearers of trade unions cannot be paid out of the union's funds'.⁴²

One lone voice on behalf of the workers was raised in the National Assembly when the Amendment Bill was passed in February 1975. (The Opposition was absent.) A PPP dissident, Rao Khurshid Ali, criticized the same aspects of the law as the labour leaders, calling it a repressive measure and stating that it took away the rights given to the workers in the original Industrial Relations Ordinance of 1969.⁴³ A labour representative quoted a Civil Court Judge as having stated in court: 'This is a *hijray ka qanoon*,' literally, a 'eunuch law', a law transforming the labour movement into a powerless eunuch. These amendments will be instrumental in delimiting and narrowing the field of action of any person involved in trade union work.

In addition to the obvious repressive effects of this and previous laws, there are other very practical ways in which the legal process achieves its goal of containing trade union activities within the parameters of government policy. Radicals involved in the labour movement are simply put under arrest. The number of charges brought to bear is directly proportionate to the degree of radicalism of the defendant, and they are usually under the general heading of the Defence of Pakistan Rules, ironically the very law under which Mr. Bhutto, among other politicians, was first imprisoned for opposing the Ayub regime. Whether these persons are held in prison or released on bail, they have to attend regular court sessions. At each session, the court usually informs the labour leader of the next date when he is to attend. It is not uncommon for a militant labour leader to have as many as a dozen charges against him, which means that approximately half of his waking time is spent in court, or in travelling to and from. Most of his funds are spent on taxi fares and court expenses. The activities of a labour leader can also be curbed without an actual arrest. Simply by issuing a warrant, the government can subdue a leader through playing on his fear of courting arrest. It is little wonder that one trade union federation official stated that regardless of how cautious and compromising any labour leader might be, he would not call any man involved in the Pakistani labour movement today a coward.

Conclusion

The legislative process, in association with other government mechanisms of

control and administrative intervention, has manipulated the labour movement in Pakistan. In those instances where labour laws, courts and other institutions have not successfully channelled the labour movement along official lines, the government has unleashed its repressive apparatus on the workers. Labour legislation has taken shape as a response to the changes in the activity of the labour movement and to the political awareness of the workers. It is within this framework that the 'liberal' policy of the Industrial Relations Ordinance of 1969 and the amendments of 1972 should be viewed. At both stages of historical development, the labour movement demanded far more radical terms than the ensuing legislation granted them even on paper. As a result of the inadequate degree of response embodied in the legislation, the government has had to resort to police action to suppress labour protests.

The manner in which the government has proceeded along a line of rapid, uneven economic development with little regard to the social impact of its short-sighted policies, until it has had to resort to temporary measures to placate the mounting frustration of the working class, is best stated in the words of the labour leaders themselves:

The labour laws as they existed on the statute book at the time of the Partition and as adapted in Pakistan, with the passage of time and growing development and industrial and commercial activities, required drastic changes to be effected. But for about fifteen years of the establishment of Pakistan, no attention was paid to the essential needs in this direction. However, when there were industrial strikes and serious agitations by the workers in 1963, 1969 and 1972, the then governments under the stress of tremendous voices of the workers rushed to make amendments in the labour laws in most hasty and slipshod manner. The results were as are well known to all concerned that the situation did never improve and bitterness, confusion and dissatisfaction continued to prevail. . . .⁴⁴

Editors' Postscript

With the end of Peoples' Party rule and the military takeover of 1977, little seems to have changed in the repressive pattern of government intervention in the labour movement. Employers have only felt emboldened by the present military regime's reaffirmation of faith in private enterprise and its reassurances of support for the capitalists. The attitude of the factory owners is more retrogressive and their treatment of workers more repressive. The worst single massacre of workers in Pakistan took place on 2 January 1978, only a few days after the conclusion of a Tripartite Labour Conference in the federal capital.

The workers of the Colony Textile Mills, Multan, went on strike on 29 December 1977, because of a dispute over the payment of fringe benefits.

The management tried to strike a deal with the local Collective Bargaining Agent (CBA), which the workers had labelled a 'pocket union'. When that strategy failed, the management tried a lockout, but the workers had devised a method of reporting for their shifts so that the factory compound was never vacated completely. On 2 January 1978, the district administration and armed police arrived on the scene and workers in the factory compound were fired upon. Government sources claimed 14 people had been killed, but an Action Committee of the area trade unions set the figure at 62 dead, with many more injured. The incident triggered country-wide protests and demands for a public judicial inquiry and prosecution of those responsible for the killings. But a year-long enquiry, held *in camera* and conducted by a military officer, produced few tangible results. The workers, however, threw the 'pocket' CBA out of office in the following union elections.

In July 1978, the federal Ministry of Production issued an official order prohibiting the employees of the nationalized industries, their dependants and 'close associates' from engaging in any political activity or contesting any public office.

The workers have not quietly tolerated the government's moves. On 28 – 29 December 1978, the Pakistan Trade Union Federation, an affiliate of the WFTU, managed to hold a national conference in Karachi with the largest number of delegates in attendance since it came under a government ban in 1954. In the conference the representatives of 252 trade unions passed a series of resolutions urging progressive amendments to the Industrial Relations Ordinance, disbandment of the NIRC, restoration of workers' rights to collective bargaining and withdrawal of the Essential Services Act. Significantly, the conference also called for the achievement of *Mazdoor-Kisan Raj*, Worker-Peasant Rule.⁴⁵

The labour movement in Pakistan enters the 1980s with the long and bitter experience of working within the legal framework of industrial relations enforced by successive governments. As a result, there is a growing awareness that the workers' movement will now have to advance and defend its interests politically in order to protect itself from class oppression. But for the present, with all political activities banned and summary justice being dispensed by military courts, the regular channels of political organization are not available,

Notes

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17. S. Guisinger and M. Irfan, 'Real Wages of Industrial Workers in Pakistan: 1954–70', *The Pakistan Development Review*, XIII, 4 (1974), pp. 76–7.
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19. Government of Pakistan, *Industrial Relations Ordinance*, 1969.
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21. *Dawn*, 17 January 1972.
22. *Dawn*, 06 January 1972.
23. Guisinger and Irfan, op. cit., p. 379.
24. Government of Pakistan, *Pakistan Pictorial*, 1973, p. 5.
25. See *Dawn*, issues of January and February 1972.
26. Sarwar S.A. Rizvi, op. cit., p. 57.
27. *Dawn*, May 1972 issues.
28. *Dawn*, 30 January 1972.
29. *Dawn*, 21 and 25 May 1972.
30. *Dawn*, 30 May 1972.
31. *Dawn*, 9 June 1972.
32. *Dawn*, 11 June 1972.
33. *Dawn*, 18 June 1972.
34. *Dawn*, 19 October 1972.
35. *Dawn*, 24 October 1972.
36. *Dawn*, 2 November 1972.

37. *Dawn*, 15 October 1974.
38. *Dawn*, 3 February 1975.
39. Sindh Trade Unions *Rabita* Committee, *Memorandum on Labour Laws to the Prime Minister of Pakistan*, (Karachi, 1975), p. 16.
40. *Ibid.*, p. 15.
41. *Ibid.*, p. 19.
42. *Ibid.*
43. *Dawn*, 2 February 1975.
44. Sindh Trade Unions *Rabita* Committee, *op. cit.* p. 1.
45. *Viewpoint*, Lahore, 7 January 1979.

11. Elite Farmer Strategy and Regional Disparities in Agricultural Development

Hamza Alavi

Because the overall rate of growth of agricultural production in Pakistan had outstripped the rate of growth of population, by a simplistic arithmetic of averages, there was a tendency to assume only too easily that the result was a general prosperity for all classes of farmers and for all sections of the rural population.

In fact, the impact of the so-called 'green revolution' on the different strata of the rural population has been quite uneven. Because it was mainly those who cultivate large landholdings who have benefited most from the new developments and those who cultivate small holdings have benefited less, one consequence of the green revolution has been to widen disparities in income and wealth among the different strata of the rural population. It has also had the effect of widening the disparities among the regions. A further consequence of the green revolution, which follows from the secondary effects of changes in patterns of rural incomes and expenditures, is that in the case of those farmers whose physical farm output has not gone up, their real incomes have deteriorated absolutely, as result of the inflationary pressures and the greatly increased demand for manufactured consumer goods.

If such complex secondary effects of the green revolution are taken into account, it is not so surprising that it was in 1968 — the year in which the biggest harvests ever had been reaped — that the entire country and the countryside erupted with popular discontent on an unprecedented scale. It is only in the aftermath of that political upheaval, that the 'achievements' in the agricultural sector have begun to be reviewed afresh and some of its contradictions and paradoxes have been recognised.

New developments in the agrarian economy of Pakistan, which began in the mid-fifties and gathered momentum in the sixties, culminated by the end of the sixties in unprecedented rates of growth of agricultural production. In West Pakistan, the rate of growth of agricultural production was only 1.4% per annum in the First Five-Year Plan (1955–60) and 3.8% per annum in the Second Five-Year Plan (1960–65). However, for the first four years of the Third Five-Year Plan a rate of growth of agricultural production of 6% per

annum¹ was claimed. This was a considerable achievement. And, because this overall rate of growth of agricultural production had outstripped the rate of growth of population, by a simplistic arithmetic of averages, there was a tendency to assume only too easily that the result was a general prosperity for all classes of farmers and for all sections of the rural population. In fact, however, the impact of the so-called 'green revolution' on the different strata of the rural population has been quite uneven. Because it was mainly those who cultivate large landholdings who have benefited most from the new developments and those who cultivate small holdings have benefited less, one consequence of the green revolution has been to widen disparities in income and wealth among the different strata of the rural population. As we shall show in the following analysis, it has also had the effect of the green revolution, which follows from secondary effects of changes in patterns of rural incomes and expenditures, is that in the case of those farmers whose physical farm output has not gone up, their real incomes have deteriorated absolutely, as a result of inflationary pressures and the greatly increased demand for manufactured consumer goods. If such complex secondary effects of the green revolution are taken into account, it is not so surprising that it was in 1968—the year in which the biggest harvests ever had been reaped—that the entire country and the countryside erupted with popular discontent on an unprecedented scale. It is only in the aftermath of that political upheaval that the 'achievements' in the agricultural sector have begun to be reviewed afresh and some of its contradictions and paradoxes have been recognised.

Policies directed towards agricultural development—based on the recommended priorities of the 'Five Firsts' which were put forward by the Food and Agriculture Commission of 1960—have consisted of providing heavily subsidised inputs, including modern technology, such as tractors, tubewells, fertilizers, pesticides, and new varieties of seed. To facilitate access to these inputs, generous credit facilities were provided through newly created public institutions. Policies of agricultural commodities were also revised in order to raise the prices. In theory, these benefits were available for all farmers. But, in practice, the benefits have flowed largely to those with large landholdings. There is some evidence that those with very small holdings, who are no longer able to supplement the income from their tiny holdings by sharecropping, and who are being forced into debt because of inflation that has further eroded their diminished incomes, are compelled by their circumstances to sell their land. Sharecroppers are being evicted from their holdings, notwithstanding their legal 'security of tenure'; in many cases, instead of being evicted altogether they are being dispossessed of a substantial part of the land which they previously rented for sharecropping. Because of evictions and the growing shortage of land available for sharecropping, the terms of sharecropping have been altered to the disadvantage of the sharecropper. In general, then, the lowest strata of the rural population have benefited little from the green revolution, and the position of many has actually deteriorated.

Feudal Landlords, Capitalist Farmers?

It is sometimes argued that in parallel with the erosion in the landholdings of the lowest strata of farmers, there is also a similar movement at the other end of the scale. The holdings of the biggest landlords, too, it is said, are being reduced by sale because a new class of 'capitalist farmers' are buying up their land. It is, further, maintained that this new 'rural middle class' is quite distinct from the 'old landed aristocracy' whose land they are buying up. The landed aristocracy, it is argued, is losing both economic and political power, which is now being concentrated in the hands of the new rural middle class, the capitalist farmers. Such a picture is misleading and is not supported by facts. There are some landowners, especially a few who have ventured into commerce and industry, who are taking advantage of the inflated prices of land to sell some of their underutilised land. But such landlords are few and far between. Most landowners, on the other hand, and especially the biggest among them, are investing their untaxed and inflated incomes in buying more land, for they see no other way of utilising their money. The bigger landowners are easily able to outbid all others in the race to buy any land that comes on the market.

In the context of West Pakistan, it would be quite misleading to make a sharp distinction between so-called 'feudal landlords' and 'capitalist farmers', for they do not constitute separate and distinguishable classes. Sharecropping and mechanised capitalist farming are two (often complementary) methods of exploitation of land. Moreover, those who give their land for sharecropping are not necessarily great 'absentee' landlords. Until mechanised farming was introduced, all landowners who owned, say, more than 20 or 25 acres, i.e. more land than could be cultivated by family labour and a pair (or at most two pairs) of bullocks, would employ sharecroppers. Conventionally, 12.5 acres (half a 'square') of land is taken to be the maximum area which can be cultivated by one pair of bullocks. A large family of owner-cultivators might employ two pairs of bullocks, but rarely more. The method of exploitation of land (and of sharecroppers) was identical in the case of very big as well as very small landowners. In this sense both belonged to the same class. There is generally little difference even in their respective styles of life. The large differences in wealth and economic power between them are generally reflected in differences in political power and dominance.² Therefore, big and small landowners may be looked upon as being located at opposite ends of a single continuum, indicating their different degrees of wealth and power, but without any structural criterion dividing them into separate and distinct classes.

Mechanisation and Land Distribution

The effect of farm mechanisation has not been to alter this basic grouping of landowners in a single category; it has not brought into being a new class of middle-class capitalist farmers. It is the big landowners who have made the greatest progress in the direction of farm mechanisation. The

difference between big and small farmers, is still that of the scale of resources that they employ in agriculture. According to the Survey of Farm Mechanisation in 1968, the biggest landowners — owners of more than 500 acres — held no less than 52.3% of the land ('area owned') in the mechanised farm sector. They accounted for 43% of the 'area operated' on all mechanised farms. Corresponding figures for those who owned between 200 and 500 acres were 25.4% and 26% respectively, and for those who owned between 100 and 200 acres, 11.9% and 14.5% respectively. Therefore, all owners of mechanised farms with holdings of more than 100 acres accounted for the bulk of the land in the mechanised farm sector, namely 89.6% of the 'area owned' and 83.5% of the 'area operated'. Far from being distinct from the capitalist farmer, the big landowner is thus himself the capitalist farmer. The full significance of these data can be grasped if we also consider the fact that, according to the 1960 *Census of Agriculture*, farms between 50 and 150 acres numbered only 2% of all farms and those of above 150 acres were no more than one-sixth of that number, whereas farms between 25 and 50 acres were 6% of the total number, or three times as many. But the latter accounted for only 6.9% of the 'area owned' in the mechanised farm sector and 9.9% of the 'area operated' in that sector.³ These figures indicate a much greater concentration of mechanised farming in the bigger holdings and do not support the view that it is in the medium-sized farms that 'capitalist farming' is concentrated.

The only structural difference between farm mechanisation on large holdings and that on medium-sized holdings is that, in the case of the latter, the owners have evicted sharecroppers in order to reoccupy enough land for cultivation by tractors. In the former case, however, the practice has been not to evict sharecroppers altogether, but to take over from sharecroppers a portion of the land as required for mechanised cultivation, and to retain sharecroppers with diminished holdings as tied sources of labour needed by the big landowners to cope with the seasonal harvest operations. This difference in itself may be only transient, if present policies — which cater to the demands of the big landowners regardless of the consequences for sharecroppers — are continued. Introduction of mechanical harvesting and threshing will eliminate the need for the big landowners to retain sharecroppers as a tied source of seasonal labour. Then they will have every incentive to push the mechanisation of cultivation of their land further by introducing more tractors and harvesting and threshing equipment. Only then will they evict all their sharecroppers. At the present time, therefore, a distinction may be made between medium-sized landowners who have adopted mechanised farming techniques and for whom the main constraint (apart from capital) is land rather than labour, so that they evict their sharecroppers, and big landowners for whom the constraint is labour rather than land and who therefore tend to retain their sharecroppers on diminished holdings. But this does not differentiate their economic roles or interests in a fundamental way, and it does not justify classifying them separately as 'capitalist farmers' and 'feudal landlords'. Both groups have adopted capitalist modes of production.

The transitional dependence on sharecropping in the case of big landowners is complementary to capitalist farming. There is no conflict of class interest between the two groups. The same set of policies relating to the agricultural sector would suit them both and they stand united in the political arena — under the leadership of the big landlords.

Inter-Regional Differences

The widening of inequalities in income and wealth between the different strata of agriculturists, as a consequence of the green revolution's preferential promotion of the elite farmer, has been the subject of a considerable amount of comment recently, especially in the context of parallel developments in India, which have been subjected to more critical examination than those in Pakistan. But there is another aspect, no less significant, which also calls for comment. It is the effect of the green revolution and the elite farmer strategy on inter-regional disparities. This is an aspect which is highly relevant today; but it has received less attention than it seems to deserve. The importance of some of the problems which arise in this context was given official recognition for the first time in Pakistan, at the highest level, when, in the summer of 1969, the president appointed a Study Group in the Planning Commission to report on problems of *barani* (rainfed) agriculture in West Pakistan. But research on problems arising in this area has only just begun.

There are inter-regional differences in the structure of the agrarian economy of Pakistan which originate from ecological differences and consequent differences in the patterns of historical development. However, in past discussions, inter-regional comparisons have focused almost wholly on natural differences and have therefore tended to obscure the underlying differences in economic and social structure. The Food and Agriculture Commission (1960), for example, distinguishes between the following regions of West Pakistan:

- (i) Canal-Irrigated Plains;
- (ii) Submontane Regions;
- (iii) Range Lands;
- (iv) Hill Catchment Areas.

This is a simple ecological classification. The Commission does not offer any argument as to why some other (additional) criteria might not be relevant for a further elaboration of the regional pattern, in order to identify issues of public policy. Because such an approach emphasises 'given' natural conditions, the problems of each region appear to be specific to itself and we have no framework in which the problems of the different regions could be inter-related.

A Pakistani geographer, Maryam K. Elahi, was perhaps among the first to pursue the question of regional differences in agricultural productivity systematically, in two articles which appeared in the *Pakistan Geographical Review*.⁴ As a geographer, Maryam Elahi focuses her analysis largely on physical factors, although at the outset she does recognise that 'efficiency of

agriculture reflects the influence of varied physical, economic, social and historical factors'. The second of her two articles is a sophisticated attempt to rank different regions of Pakistan according to their relative efficiency in agricultural production, taking into account the yield of each crop and the cropping pattern. The weakness in her analysis seems to lie in the fact that she allocates an equal weight for every crop in ranking productive efficiency and, therefore, does not take account of the relative weights of particular crops in the economy of a particular region. But her study does focus on disparities among regions and relates them mainly to physical differences among the regions.

Another recent study on the subject is by Carl Gotsch of Harvard. Gotsch has computed differences in the rates of growth for the various districts of the Punjab.⁵ He provides valuable insights into various 'sources of growth', which he breaks down into 'acreage effects', 'yield effects', and 'cropping pattern effects', and he examines the extent to which one or the other effect has been prominent in the growth of agricultural production in the different regions of the Punjab. He then examines the factors which have contributed to the predominance of one or the other effect in the growth of agricultural production in those regions. The critical variable in his analysis is provision of water.

An important additional variable, which might be considered in this context, is farm size; for, the structure of the agrarian economy of each region, as determined by distribution of land among different sized farms, vitally affects the prospects and problems of development.⁶ In West Pakistan, the structure of the agrarian economy — looked at from the point of view of distribution of farms by size — can, moreover, be said to have derived from the historical development of each region, conditioned by their respective environments. One could thus distinguish, for example, four regions of the Punjab, which have quite distinct characteristics.

These are:

- (a) the Poor Old Settled Districts of the *barani* region;
- (b) the Rich Old Settled Districts, which have good irrigation as well a good rainfall;
- (c) the Canal Colony Districts;
- (d) the arid and relatively sparsely populated Western Districts of Mianwali, Muzaffargarh and Dera Ghazi Khan.

Recent irrigation projects are changing the characteristics of the last group of districts. I have therefore not treated them as a separate category. In the discussion which follows, I have defined the Canal Colony Region as inclusive of Sargodha, Multan, and Bahawalpur Divisions, with the exclusion only of Mianwali District, which I have classified together with the Rawalpindi Division as constituting the region of the Poor Old Settled Districts. The districts of Lahore Division constitute the region of the Rich Old Settled Districts. I have chosen these somewhat awkward labels for the respective regions mainly to emphasise the historical conditions of their development, which have determined their present state.

Water Availability and Farm Size

The demarcation of the regions owes much to the natural conditions of the regions. To begin with, a primary distinction is established by the alignment of the iso-precipitation lines which differentiate the Northern region of the Punjab, consisting of the Rawalpindi and Lahore Divisions. This region receives sufficient rainfall to permit *barani* (rainfed) cultivation. South of that region, until the advent of canal irrigation, the land was by and large an empty waste peopled mainly in the riverine areas by semi-nomadic tribes who practised a rather perfunctory agriculture on strips of land irrigated by the annual riverine floods. In some parts of this arid region, there were also a few scattered agricultural settlements around wells.

In the *barani* area, that is the Rawalpindi and Lahore Divisions, sufficiency of rainfall fostered a settled agricultural population from very early times. Therefore, I have referred to these regions as the Old Settled Districts. The long history of settled agriculture in these districts is relevant because, as a consequence, land in these populous districts has been subdivided from generation to generation, and the average size of farms in these two regions is now very small as compared, for example, with that in the Canal Colony Districts.

The *barani* region (or the Old Settled Districts) can itself be subdivided into two distinct agrarian regions, namely the Rich Old Settled Districts of Lahore Division, and the Poor Old Settled Districts of Rawalpindi Division. The former region not only has good rainfall but there is additional water available to it from canal or well irrigation. The southern half of the region (Lahore and Sheikhpura Districts, and much of Gujranwala District) has the benefit of canal irrigation. On the other hand, in the northern half of it (Sialkot District and parts of Gujranwala District), where topography does not favour the extension of canal irrigation, groundwater supplies have been easily accessible and agriculture has traditionally been supplemented by wells operated by persian wheels and now by tubewells. As a result, the region is highly productive. Rawalpindi Division, on the other hand, with the exception only of a part of Gujarat District, is almost wholly dependent upon rainfall for agriculture. There, groundwater is not easily accessible and canal irrigation is limited because of the region's topography. With the population crowded into small uneconomic farms, it is a very poor region.

In the dry zone to the south of the Old Settled Districts, before the advent of canal irrigation, large tracts of land which at that time had little value were appropriated by big landowners. The introduction of canal irrigation, beginning from the turn of the century, transformed the agrarian economy of a large part of the dry zone. Colonists were brought in from all parts of the Punjab and sizeable allotments of land were made on a variety of bases, including auctions. The average size of farms in this region is, therefore, relatively large. Not enough generations have passed to fragment these large holdings into the extremely small sized holdings which are typically found in the Old Settled Districts.

Migration and Redistribution

However, one factor has served to introduce a substantial number of small landholders and landless people into the Canal Colonies. Before 1947, a large proportion — (although a minority) — of the population of the Canal Colony Districts in West Pakistan consisted of Hindus and Sikhs who, at the time of 'the Partition' (of India) were driven out of the country. The evacuee land which they left behind was initially allotted, provisionally, to families of incoming refugees who were driven out from India, on the basis of one acre for every member of a refugee family. But later, after 1953, the evacuee land was re-allotted among the refugees on the basis of claimed holdings in India. This was land reform in reverse; those who could establish large claims acquired large landholdings, whereas others who could not do so lost what they already had. This great upheaval in landholdings, and the eviction of those who could not establish sufficient claim, has been, curiously, ignored by those who have written about agriculture in Pakistan. But that measure has had a far-reaching effect on the agrarian economy of the Canal Colony Districts. One of its consequences was a large increase in the proportion of the agricultural population who had to look to sharecropping or labouring as a principal means of livelihood, because their landholdings had been diminished or taken away altogether.

Crop Production and Agricultural Wealth

Table 11.1 illustrates the pattern of landholding in the three principal agrarian regions of the Punjab which I have described above. I have chosen one district for each region for purposes of illustration.

The different regions have not shared agricultural prosperity equally; the region with a preponderance of small farms having progressed least. An index of the uneven distribution of agricultural wealth among the different regions of Pakistan is provided by statistics of crop production. The production of the principal crops of West Pakistan was distributed as shown in Table 11.2.

The data in Table 11.2 indicate wide disparities in the agricultural prosperity (or poverty) of the various regions of Pakistan, which can be judged by comparing their share in the production of the principal crops with the proportion of the rural population in each region. The prosperity of the Punjab is in marked contrast to the poverty of Baluchistan and the North-West Frontier Province (NWFP). The Indus Plain (Punjab and Sind), where Bhutto scored his electoral victories, accounts for no less than 92% of the wheat production, the entire cotton production, and over 98% of the rice production of the country, with only 76% of the total rural population. In the poorer region, more of the coarse cereals are produced relative to wheat and cash crops such as cotton and rice. But the very large share, for example, of the NWFP in the production of maize must be viewed in the light of the fact that the total acreage under maize in the whole of West Pakistan was only 3% of the cropped area as compared with 33% of the cropped area under wheat. But in the Punjab itself, there are marked differences among regions. The *per capita* production of wheat in the Poor Old Settled Districts was about the

Table 11.1

Pattern of Landholding in Three Principal Agrarian Regions of Punjab

	<i>Poor Old Settled District: Rawalpindi (%)</i>	<i>Rich Old Settled District: Gujranwala (%)</i>	<i>Canal Colony District: Multan (%)</i>
<i>Number of farms</i>			
Small farms (below 5 acres)	74	48	38
Medium farms (5 to 25 acres)	24	46	51
Large farms (over 25 acres)	2	6	11
	100	100	100
<i>Cultivated area</i>			
Small farms (below 5 acres)	31	11	7
Medium farms (5 to 25 acres)	58	64	54
Large farms (over 25 acres)	11	25	39
	100	100	100
<i>Average cultivated farm area</i>	<i>(acres)</i>	<i>(acres)</i>	<i>(acres)</i>
Small farms	1.3	1.7	1.8
Medium farms	7.3	10.6	10.7
Large farms	13.0	32.4	37.2

Source: Compiled from *Pakistan Census of Agriculture*, 1960, Vol. II, West Pakistan.

same as that in the Rich Old Settled Districts in 1964–65. On the other hand, the latter had a substantial lead in the production of other commodities, especially rice. The Canal Colonies had a dominating lead over the other regions in the production of wheat and cotton, as well as in other crops.

The above figures testify to the fact that, in 1964–65, there were already very marked differences in agricultural wealth of the different regions of West Pakistan. However, as a consequence of the pattern of subsequent development, these differences have been accentuated. For example, the above figures show clearly that the relative position of the Poor Old Settled Districts has worsened between 1964–65 and 1967–68. The relative positions of Baluchistan and NWFP have also deteriorated. The position of Sind improved marginally in the production of wheat; there was also a change in its cropping pattern, for it gained in its share of cotton production but lost ground in rice, which is a major crop for that province.

Technology and Concentration

The very substantial increase in crop production in Pakistan — the green revo-

Table 11.2
Regional Percentage Shares of Crop Production, 1964-68.

1964-65 Cropped Area	Wheat	Cotton	Rice	Gram	Bajra	Jowar	Maize (Rural: Population 1961)
	33.0	9.3	8.5	7.6	5.9	3.6	3.0
(i) Share of West Pakistan Production in 1964-65.							
Baluchistan	1.7	—	0.2	—	0.2	4.5	0.37
NWFP	7.0	0.1	1.1	7.4	4.6	6.9	51.0
Sind	12.5	21.0	48.5	17.2	36.0	42.8	1.3
Punjab	78.6	78.9	49.8	75.0	59.0	45.5	47.3
Poor Old Settled Districts*	11.4	1.4	3.3	24.9	21.6	12.0	10.3
Rich Old Settled Districts*	12.8	3.5	35.2	5.9	8.0	1.3	8.1
Canal Colony Districts*	54.1	73.9	11.4	42.7	29.0	32.0	28.4
(ii) Share of West Pakistan Production in 1967-68.							
Baluchistan	1.6	—	0.2				
NWFP	6.2	0.1	2.5				
Sind	13.6	25.5	45.0				
Punjab	78.7	74.6	52.2				
Poor Old Settled Districts*	9.5	1.1	3.3				
Rich Old Settled Districts*	12.5	2.9	36.0				
Canal Colony Districts*	56.6	70.6	12.9				

*Note:** The regions of the Punjab have been demarcated as follows:
(a) Poor Old Settled Districts comprise: Rawalpindi Division and Mianwali District; (b) Rich Old Settled Districts comprise: Lahore Division; (c) Canal Colony Districts Comprise: Multan Division, Bahawalpur Division and Sargodha Division excluding Mianwali District.

Sources: Compiled from *West Pakistan Agricultural Statistics* (n.d.) for 1964-65; *Year Book of Agricultural Statistics* 1968 for 1967-68.

lution — followed the introduction, on a large scale, of new improved seed of dwarf varieties of wheat and rice, accompanied by a substantial increase in fertiliser use. But it could be argued that the key factor which made this development possible was the greatly increased (and more timely) availability

of water through tubewell installation. An estimate of the contribution of various factors that contributed to an increase in agricultural production between 1960 and 1965 was quoted in the Third Five-Year Plan. There was an overall increase in crop production of 26%, which was attributed to the various factors as follows :

Groundwater development :	9%;
Additional surface water :	4%;
Fertilizer :	5%;
Plant protection :	4%;
New seed:	3%;
Other factors:	1%.
The total increase in output was	26%.

This estimate is based on limited data and it may not claim precision. Nevertheless, it plausibly indicates the relative importance of the various factors. Increased availability of water, either through tubewells or canals, is rated highly and is said to account for half the total increase in output. Indeed, it might be argued that the increased availability of water was the crucial precondition for the increase in other inputs also — because adequate and timely watering is necessary when there is increased application of fertilizer, and these two, in turn, are necessary conditions for profitable cultivation of the high-yielding varieties of seed, which in addition calls for (and benefits most from) plant protection measures. One might, therefore, go so far as to say that tubewell development was the most important single factor which contributed to the green revolution. This is best seen by a comparison of the conditions of the Poor Old Settled Districts of Rawalpindi Division with the other regions. For in the Poor Old Settled Districts of Rawalpindi Division tubewell development has not gone very far and canal irrigation is absent. It is only the most Northern Districts of the *barani* area, e.g. Mardan and Hazara, which receive relatively greater and more dependable rainfall, that have made some progress in introduction of new seed and greater use of fertilisers.

Tubewell Development

The relative contribution of tubewells to the increased supply of water can be estimated from the data in Table 11.3. In the quinquennium covered by the data in Table 11.3, tubewells accounted for no less than 63% of the increase

Table 11.3
Sources of Irrigation Water in the Indus Plain, 1960, 1965 and 1968

	Private		Public	Persian	Total	Source
	Canals	Tubewells	Tubewells	Wheels		of Data
1960 (MAF)	55	0.3	2.0	1.7	59	WAPDA 1964
1965 (MAF)	58	5.3	2.7	1.7	68	IBRD 1966
1968 (MAF)		13.0				Estimate(HA)

Source: See note 7.

in water supply. But the pace of installation in the subsequent quinquennium was very much higher. According to data contained in *The Report on Farm Mechanisation Survey*, the number of tubewells installed in West Pakistan increased from 31,600 in 1965 to 75,700 in 1968, or two and a half times. And its relative importance as a source of irrigation water is increasing progressively.

Tubewell development in Pakistan, however, is highly concentrated regionally, i.e., mainly in the Rich Old Settled Districts and the Canal Colony Districts of the Punjab. According to the 1968 *Farm Mechanisation Survey*, 91.2% of the 75,700 tubewells in West Pakistan were located in the Punjab, of which only 3% were in the Old Settled Districts of Rawalpindi Division (which had, however, 10.9% of the *public* tubewells installed in West Pakistan). It is sometimes argued that the shortage of private tubewells is due to the absence of adequate groundwater supplies in the region. But there is evidence that there is, in fact, considerable scope for tubewell development in many parts of this region, although the relative costs would be greater than in other areas as the water table is lower and the groundwater is more difficult and expensive to mine. The major obstacle in the way of a more rapid expansion of private tubewell development in the region, it would appear, is the preponderance of small farms in this area and the relatively higher costs. The backwardness of the Poor Old Settled Districts cannot, therefore, be attributed wholly to natural factors, as is generally done. It is rooted essentially in the fragmented structure of its agrarian economy. A public tubewell development programme can achieve a great deal here. But lack of political influence, that could be brought to bear in the allocation of resources for this purpose, is an obstacle in the way of development of this region. For example, in 1967-68, the Basic Democracy Institute at Lala Musa had worked out a viable scheme for tubewell development in Kharian Tehsil which was vetted and approved by experts and given formal approval at the district level. But the scheme never got off the ground, because those who were committed to implementation of the scheme lacked the necessary 'political resources' to bring an adequate amount of influence to bear on the powers that be. It is vital for the development of the *barani* region that the potentialities for identifying such possibilities be explored in every part of the region and then pursued with determination.

Outside Punjab, there is very little tubewell development. It is limited to Peshawar Division, which had 2.7% of private tubewells, and Khairpur Division, which had 1.7%. The prospects of tubewell development in NWFP and Sind are rather limited by the lack of accessible supplies of groundwater (although even the available supplies are not tapped adequately there) and the high degree of salinity of groundwater in Sind. An estimate of the regional availability and the quality of the groundwater supplies was given in the 1966 IBRD Survey Report as shown in Table 11.4.

The new importance which has been assumed by groundwater supplies as a source of water for irrigation raises new questions about the basis of regional allocation of surface water. The regional or provincial shares of surface water

Table 11.4

Regional Availability and Quality of Groundwater (million acres)

	<i>Cultural Canal Commanded Area with Groundwater with Total Salt Content of:</i>			<i>Total</i>
	<i>Less than 1,000 ppm</i>	<i>1,000 to 3,000 ppm</i>	<i>Above 3,000 ppm</i>	
NWFP	0.6	0.1	nil	0.7
Punjab	11.8	4.0	3.9	19.7
Sind	1.8	0.5	6.7	9.0

Source : IBRD Programme for Development of Irrigation and Agriculture in West Pakistan, *Comprehensive Report*, Vol. 5, Annexe 7, 'Water Supply and Distribution'.

were determined when the development of canal irrigation was begun in the Indus Basin; at a time when supply of water from tubewells did not feature in the calculations of water resources. The situation now is radically different; and the matter is one of paramount importance to Sind, NWFP, and Baluchistan. The groundwater in Sind, for example, is highly saline, as shown in Table 11.4. Most of it is unfit for agricultural use, and some of the water which is of marginal quality must be mixed with canal water to be useable for agriculture. In the circumstances, the inter-regional allocation of water resources justifies a fresh review. This has now been taken in hand.

The pattern of concentration of tubewell ownership has not only an inter-regional aspect but, within each region, it has also a stratification aspect. There is a high degree of concentration of tubewells on large farms. For example, a PIDE Survey of installation of tubewells between 1963 and 1965 shows the concentration of tubewells on large farms (Table 11.5).

Table 11.5

Distribution of Tubewells

<i>District</i>	<i>Total Tubewells</i>	<i>Tubewells on Large Farms (above 25 acres)</i>	<i>Percentage of Tubewells on Large Farms</i>
Gujranwala District	3,776	3,289	87
Multan District	3,076	2,639	86

Tractor Use

This concentration of tubewells by region and by size of farm, is paralleled by a concentration in tractor ownership. Of the total of 16,600 tractors in West Pakistan in 1968, 13,800 were in the Punjab; and of these, 9,900 were in the Canal Colony Districts and 3,300 in the Rich Old Settled Districts

(Lahore Division). 94% of the tractors were on large farms of over 25 acres. According to the *Farm Mechanisation Survey*, from which these data are taken, the distribution of tractors by size of holdings of the tractor owners was as shown in Table 11.6.

Table 11.6
Distribution of Land in the Mechanised Farming Sector in West Pakistan

Size of Holdings (acres)	'Area Owned'		'Area Operated'		'Average Area Operated' per Tractor (acres)
	Percentage of Total	Average Holding (acres)	Percentage of Total	Average Holding (acres)	
500 and over	52.3	1,317	43.0	1,231	714
200 — 500	25.4	342	26.0	334	270
100 — 200	11.9	156	14.5	155	145
50 — 100	6.9	81	9.9	82	79
25 — 50	2.5	43	2.8	44	42
under 25	0.4	—	0.4	—	21

Source: *Report on The Farm Mechanisation Survey*, Tables 3 and 4.

In the case of large holdings, on which the 'area operated' averaged between 145 and 714 acres per tractor, the 'operated area' is too large to be cultivated by a single tractor; the bulk of the tractors used being of 35 to 55 hp. On such large holdings, only a part of the land was under mechanised cultivation, the other part being cultivated, with the help of bullocks, by sharecroppers. It is only in the case of smaller holdings that owners evicted sharecroppers altogether, to resume sufficient land for mechanised self-cultivation. On the larger holdings, sharecroppers have been retained, as mentioned earlier, with diminished holdings, to provide a tied source of labour for seasonal harvest operations.

Concentration of Land Ownership

Land ownership is also highly concentrated. The degree of concentration cannot be determined precisely from the available published data. *The Report of the West Pakistan Land Reforms Commission* (1959) contains some data which are admittedly inaccurate and also quite out of date. The only source on which, for the moment, we might base some reasonable judgments is the *Pakistan Census of Agriculture* of 1960. The *Census* shows the distribution of land in West Pakistan according to farm size (Table 11.7). These data on farms as operational units underestimate the degree of concentration of land ownership, because almost half of the total farm area was sharecropped and much of the area of smaller farms belonged to larger land-owners. The distribution of land by tenure was as shown in Table 11.8. If it is assumed that large landholders owned, in addition to the land comprising

Table 11.7

Distribution of Land among Different Size Groups (%)

<i>Farm Size</i>	<i>Number of Farms</i>	<i>Farm in a Area</i>
Small Farms (under 5 acres)	49	10
Medium Farms (5 to 25 acres)	43	48
Large Farms (over 25 acres)	8	42

Source: Pakistan Census of Agriculture 1960, Vol. II, West Pakistan, Table 3.

Table 11.8

Distribution of Land by Tenure (%)

<i>Farm Size</i>	<i>Area devoted to Owner-cum-</i>		<i>Area devoted</i>
	<i>Owner Farms</i>	<i>Tenant Farms</i>	<i>to Tenant Farms</i>
Small Farms (under 5 acres)	4.2	1.4	3.7
Medium Farms (5 to 25 acres)	14.6	10.8	22.0
Large Farms (over 25 acres)	19.4	10.0	13.0
Total Farm Area	88.0	23.0	39.0

Source: Pakistan Census of Agriculture 1960, Vol. II, West Pakistan, Table 5.

large owner-cultivated farms (19.4% of the total farm area), also the whole of the area under tenant farms and a part of the area under owner-cum-tenant farms, then it may be estimated that they owned nearly 70% or more of the total farm area.

The Balance between Technology and Farm Size

So far, I have emphasised the skewed distribution of resources in the agrarian economy, both regionally and among different strata of farmers. This raises a number of questions about the structure of the agrarian economy, viewed with reference to farm size, both in respect of the stratified relationships as well as the regional patterns which are the consequences of ecological and historical adaptations.

Two parameters are of special interest when considering the implications of farm size. One is that of technology, which determines the upper limits of the farm area which can be cultivated with a pair of bullocks and, say, two men. Conventionally, 12.5 acres (or half a 'square') is taken by farmers and landowners in the Canal Colony Districts to be the maximum which can be cultivated by one pair of bullocks and their complement of human labour. Some place it at 10 acres. But the actual figure will, of course, vary according to the quality of soil, the conditions of agriculture (irrigated or otherwise), the quality of the animals, and so on. The conventional maximum of 12.5

acres is of significance as a yardstick, on which the farmers themselves base their judgments after making allowances for various factors. No landlord gives more than so much land to a tenant with only one pair of bullocks. Where a large tenant family has two pairs of bullocks, he may give them double that area of land, and so on. Similarly, with regard to self-cultivation, it is rare to find an owner-cultivated farm which relies on bullock power of above 25 acres. Owners of larger holdings have traditionally given them out for sharecropping. Tractors, on the other hand, call for much larger farms, and one of the inevitable consequences of their introduction has been the eviction of sharecroppers by landowners, in order to resume sufficient land for tractor cultivation. One tractor is estimated to displace a dozen (or more) of bullock drawn ploughs. The amount of land available for sharecropping depends, therefore, on the degree of concentration of land ownership and the method of cultivation employed — bullocks or tractors. In both respects, conditions vary among regions, and we can identify different patterns. In the Old Settled Districts, the amount of land available for sharecropping is limited because farms are small. But the same factor inhibits the spread of mechanisation. In the Canal Colony Districts there has been much land available for sharecropping. But the large holdings encourage mechanisation, which is rapidly diminishing the amount of land available for sharecropping.

The second parameter which is relevant to the set of problems we are examining, is that of the size of farms in relation to the land's capacity for generating a 'surplus' over subsistence needs, which would provide resources for investment and development as well as for raising consumption above the minimum. Empirically, there are obvious difficulties in determining the level of subsistence which can be considered to be a 'necessary' or a 'tolerable' minimum level. Even if a minimum *per capita* requirement for subsistence is established (arbitrarily) it would nevertheless be impossible to express it in terms of a definite size of farm required for subsistence — because that would vary with the number of the members in the family which it must sustain as well as differences in farm productivity. Even so a crude 'average' figure for an 'average' family is not without practical value in dealing with the problem. An IBRD survey (1966) estimated an average farm minimum size necessary to provide a minimum subsistence for an average family in a Canal Colony District to be five acres. With all the qualifications which we may attach to that figure when making use of it in our analysis, it is still a useful yardstick or point of reference, and does give some idea, however vague, of the *order of magnitude* of the farm size, so that a farm substantially below the estimated figure is likely to show a deficit and one which is substantially above it would be likely to yield a surplus.

Social Factors

Those whose farm holdings are too small for subsistence must look for alternative or supplementary means of livelihood. In the Canal Colony Districts, until recently, because the large holdings could not be cultivated directly by the big landowners themselves (with the help of bullocks), a substantial

amount of land was given out for sharecropping. The farm economy in the Canal Colony Districts could absorb the available manpower because the number of smallholders and landless persons in those districts was comparatively small. In the Old Settled Districts, on the other hand, there was a very large number of persons with diminutive holdings, and the number of those with large landholdings was relatively smaller. The surplus manpower in these districts had, therefore, to be absorbed in employment outside the farm economy. Consequently we find two quite different patterns of employment in the two regions. In the Old Settled Districts of Rawalpindi Division, with numerous small farms and landless persons, there has been a considerable incentive for emigration to towns (or into the army) for employment. Those who found work outside the villages, have generally remitted money to dependants left in the village. The deficit farm economy has, therefore, depended heavily upon funds remitted from outside. In the Canal Colonies, on the hand, such a symbiotic relationship with outside employment does not exist on a significant scale.

These differences in the respective configurations of the self-sufficient farm economy of the Canal Colony Districts and the deficit economy of the Old Settled Districts stem from ecological differences and the historical pattern of their respective development. But these differences are reflected also in the social and cultural patterns of behaviour in the two regions. A most significant difference has been that in attitudes towards education and in the actual progress of education in the two regions. If we examine the statistics of education, we discover the rather striking fact that the progress of education is actually much greater in the Poor Old Settled Districts of Rawalpindi Division than in the richer regions. The census data probably even underestimate the greater progress of education in the Old Settled Districts, because educated persons from those Districts emigrate from the village for outside employment and are counted as residents of other Districts where they happen to be in employment at the time of the census. But their links with their home village usually remain close, and economically they play an important role in sustaining the economy of the village as they remit money home.

The Green Revolution and Income Distribution

Finally, there is one further aspect of the regional pattern of the green revolution which merits attention, for it poses some central issues of policy. That aspect is the indirect consequences which follow from the changes in rural incomes. The Gross Provincial Product from agriculture in West Pakistan has almost doubled in the decade of the sixties. But the unequal distribution of the income from agriculture has brought about a manifold increase in the incomes of a small group of rich farmers and landlords in the Canal Colony Districts and the Rich Old Settled Districts of the Punjab. On the other hand, the incomes of small farmers in these districts and, especially, of

farmers in other poorer regions have failed to improve, or have not improved in the same measure. The indirect consequences of the green revolution for the latter follow from the impact of the additional purchasing power in the hands of the former on the demand for and the prices of manufactured consumer goods. The main thrust of inflationary pressure derives primarily from the greatly increased incomes of this class of rich farmers, since the weight of agricultural incomes in the total national income accounts is very large. In 1967-68, it was 42% of the GPP in West Pakistan, as compared with income from manufacturing, which was only 16% of the total.

The great increase in the incomes, and consequently in the expenditures, of the rich farmers has tended to draw heavily on the available flow of domestic manufactured goods and imports. Economists who emphasise adverse changes in terms of trade for agriculture in relation to industry, to demonstrate a worsening in the relative position of farmers, focus narrowly on price effects and do not take into account the income effects in the economy and the implications of changes in income distribution for the different sections of the national community. Despite the adverse changes in the terms of trade, rich farmers, whose inflated incomes are the primary *cause* of price inflation, nevertheless enjoy considerably enhanced real incomes, as indeed do the urban entrepreneurs whose profits multiply as a consequence. But other sections of the community, both urban and rural, have suffered as a consequence of the price effects of the changed income distribution. This applies not only to urban salaried middle classes and wage earners, whose real incomes have deteriorated, but also to other strata of farmers (and farmers in other regions) who have not profited directly from the green revolution and have lost by virtue of its indirect consequences.

The additional income which has passed into the hands of the rich farmers has not only increased total consumption expenditure; it has also been accompanied by a structural change in the pattern of consumption expenditure. The demand for manufactured consumer goods has expanded at a relatively faster rate and, because of the multiplication of the incomes of those who were already well-to-do, the overall increase in consumption expenditure has been accompanied by a relatively greater expansion in the demand for luxury goods — particularly those which are imported or which have a high import content. This 'Engels Effect' which is familiar to economic theory, can be readily observed in West Pakistani villages, and is testified to by traders who have prospered in the boom. I have not, however, come across any studies designed to examine and assess these changes. Yet this change appears to have contributed not only to the inflation of the prices of consumer goods in general but also, in particular, to the pressure on foreign exchange because of the higher import content of the additional consumption expenditure. Even in the case of investment in the farms, the preference for mechanisation too has added to greater pressure on foreign exchange resources. A consequence of the green revolution, therefore, has been the generation of large inflationary pressures and the deterioration in the real incomes of those who have not directly benefited from it, and also increased pressure

on foreign exchange resources.

The system of agricultural taxation and subsidies has served to accentuate disparities among different strata of farmers and different regions. This is because Land Revenue is levied on the basis of a flat rate per acre and is borne equally by all classes of farmers in a district, whereas the benefits from agricultural subsidies are distributed in proportion to the use of the subsidised inputs, so that the rich farmers who prospered most have also had the lion's share of the subsidies. Land Revenue rates do vary from district to district; but that variation does not reflect any rational basis for the differentiation; it is only the accidental result of history. The rates were originally established — in theory, at any rate — on the basis of productivity of the land in the respective areas. But many decades have passed since they were thus determined; and the assessments were, moreover, made at different times in different districts. There is no uniformity, therefore, in the basis of assessment. Land Revenue rates were to be raised slightly in 1962 on an *ad hoc* basis, and some token changes were made in a few districts. Intended changes in some other districts were not implemented. This has hardly helped to remove the irrationalities in the existing structure of land revenue rates, which in any case are nominal in their incidence on those with larger holdings. They vary from Rs 9.13 per acre in Lyallpur District to Rs 1.04 per acre in Hazara District, inclusive of 'cesses' on Land Revenue. The overall incidence of Land Revenue on agricultural incomes has been negligible, amounting in 1968–69 to no more than Rs 182 million as compared with the Gross Provincial Product from agriculture in West Pakistan of Rs 14,797 million — i.e., about 1.2%. A review of taxation of rural incomes as well as of subsidies, has long been overdue. The consequences of the green revolution in accentuating the inequality in rural income distribution — both regionally and among the different strata of the farming community — makes it more urgent.

As I have indicated at the outset, the data on which my analysis is based are somewhat limited. The object of my paper is not so much to present firm and final conclusions on questions which arise in an inadequately researched problem area, but to indicate some new directions in which research efforts might be fruitfully directed. It is only on the basis of a comprehensive set of studies, dealing not only with natural conditions but also the structure of the agrarian economy and society of West Pakistan, that we can arrive at more confident judgments. On the other hand, certain broad features of regional differences in West Pakistan do stand out quite unmistakably, and the problems involved are too pressing to allow their solution to await the results of detailed and painstaking research which might satisfy the purist.

Notes

1. Government of West Pakistan, Planning and Development Department, *Economic Outlook for West Pakistan, 1969–70* (Lahore, 1969), p. 30.

2. 'On the bases of political power in rural Punjab, see Hamza Alavi, 'Politics of Dependence – A Village in the Punjab'.
3. Government of Pakistan, Ministry of Agriculture, Agricultural Census Organisation, *A Report on the Farm Mechanisation Survey 1968* (Lahore, 1969), pp. 13–14.
4. M. K. Elahi, 'Agricultural Land Use in West Pakistan', *Pakistan Geographical Review*, 18, 2 (July 1963); and 'Efficiency of Agriculture in West Pakistan', *Pakistan Geographical Review*, 20, 2 (July 1965).
5. Carl H. Gotsch, 'Regional Agricultural Growth – The Case of West Pakistan', *Asian Survey*, VIII, 3 (March 1968).
6. Cf. Hamza Alavi, 'The Structure of the Agrarian Economy of West Pakistan and Development Strategy', *Pakistan Administrative Staff College Quarterly*, VI, 3–4 (September-December 1968).
7. Data taken from S.R. Bose, 'East-West Contrast in Pakistan's Agricultural Development', paper presented at the IEA Conference on Economic Development in South Asia (Kandy, June 1969).

Bose quotes data from:

- (i) WAPDA (Harza Engineering) 'Programme for Water and Power Development in West Pakistan Through 1975' (1964);
- (ii) IBRD (International Land Development Consultants): 'Programme for the Development of Irrigation and Agriculture in West Pakistan', Vol. 5, Annexe 7 – 'Water Supply and Distribution'.

The output of tubewells in 1968 is estimated to be two and a half times that in 1965.

12. Systemic Injustices and Inequalities: *Maliki* and *Raiya* in a Punjab Village

Shanaz J. Rouse

The propositions presented here are somewhat tentative in nature, being part of a larger study I am conducting on the interaction between technology, social organization and clientelism in a Punjabi village in Pakistan. Prior to this research (undertaken during 1978–80), another Pakistani scholar, Saghir Ahmad, conducted a study of the same village between 1964 and 1965. This article draws on some of his work.² The pseudonym 'Sahiwal' for the village was originally coined by Ahmad.

Three basic propositions are explicated here. First, that in the village under study a *system* of injustices and inequalities exists. Secondly, that this system hurts the peasants but also constricts members of the landlord class. And, predictably the degree and nature of deprivation is not the same for different classes. These propositions do not deny that in any relation of dependence, such as was found in this village, certain mutual benefits also accrue.³ However, what is being examined here are the economic, social and cultural parameters of the system that oppresses both the exploiter and the exploited. Lastly, I observed that in spite of the best intentions and progressive ideas of some members both of the exploiting and exploited classes, consciousness merely at the level of ideology is not enough to change the system. It transcends individual intentions and is not amenable to change from within. In other words, liberal feudalism will not do.

An inherent conflict, within and between various classes, based on extensive private property ownership exists in the rural social structure of Pakistan. This conflict is expressed both at the micro and macro levels with mutual repercussions. The system of property relations sets the boundaries within which classes relate to each other, but socio-cultural phenomena also play a vital role in that they often constrain the individual actors from rising above their class situation. What is at issue here are the twin goals of 'humanism' and 'individual freedom', neither of which can be achieved without changes in the structural milieu.

The Village

The above propositions are based on my own observations made in the village,

Sahiwal, located in Sargodha district of the Punjab province of Pakistan. This district and the subdivision (*tehsil*) in which the village lies are strongly dominated by large landlords. Names such as the Tiwana, Nangyana, Noon, and Baluch are well known here. Within the district there has been very little industrialization. Sargodha, the largest city in the district, has a grain market and houses the district administration and a large air force base. Apart from these establishments, employment opportunities are very limited.

Shahpur Sadar, the town closest to Sahiwal, and also the *tehsil* headquarters, has little to offer those seeking work. It cannot even boast its own market, the closest being in Sargodha or Khushab. Its importance lies in the fact that the police headquarters (*thana*) is located there, as are the offices of the revenue officer (*patwari*), the assistant commissioner of the district, his subordinate, the *tehsildar*, and various other officials in charge of local development projects. Shahpur Sadar houses a few banks, a hospital and some shops. Apart from this, it is a stopping point for buses heading to and from Sargodha and other major cities in the Punjab and Sarhad provinces. The bus stop known locally as the *adda* is the heart of the town. People meet here to socialize and exchange views about events in the urban centres of different parts of the country.

Sahiwal is ethnically dominated by non-Punjabis. The biggest landowners, indeed the only landowners until recently, have been Pathans from Isa Khel, an area falling in the grey zone between the Punjab and Sarhad (NWFP). They belong to the tribe of Niazis extending on both sides of the river Indus. The village, and all the land surrounding it, was bought at a nominal sum by the ancestor of the present big landlords of the village in exchange for services rendered to the British in their battle against the Sikhs. At this point the village was the property of one man. On his death, following the Islamic laws of inheritance interpreted according to the custom of the day, the property of approximately 5,000 acres was divided among his two male heirs. Today, his descendants in one branch of the family own about 1,500 acres, the area having been reduced partly as a result of a deliberate policy of selling outlying lands; the other branch of the family, which has had more inheritors, retains approximately 1,000 acres. These are the two main divisions, or *pattis*, in the village. To follow the names used by Ahmad, the first *patti* is that of Haji Sahib and the second that of Khan Sahib.

This chapter focuses on Haji Sahib's *patti*, which is represented by the larger and more influential landowner of the village. This choice of focus was the result of my interest in examining the viability of what I have termed 'liberal feudalism', which amounts to changing the system from within. This type of liberal feudalism is represented by the present head of Haji Sahib's *patti*, whom we will call Naib. Naib represents and articulates *par excellence* the political and economic formulations of liberal feudalism, which he intends to follow through. He has made several public pronouncements to this effect, at local meetings of the Pakistan People's Party (PPP), to me, and to the political activists in the village. He is also the 'innovator' among the farmers of Sahiwal. By an analysis of these two elements, feudal

liberalism and economic innovation, and by examining their individuation in the person of a member of the landed class, I hope to explain the contradictions that occur within a system that mediates between the individuals and classes involved in the agricultural process, and its effects on the parties concerned. By examining the stated goals of liberal feudalism and the limitations of the system within which it operates, it should be possible to evaluate the extent and nature of change from within.

Early History

Haji Sahib's *patti* traces its origin from an ancestral owner who died in 1883. When he acquired the title to this land from the British it was mostly scrubland, without irrigation. With the help of tenants and artisans, whom he brought to the village, he cleared, levelled and brought under cultivation a substantial part of this land. A private irrigation canal was also dug; users of this facility were required to pay 25% of their revenues in kind to Haji Sahib.

Interestingly, few villagers brought to Sahiwal were Pathans. The tenants were predominantly Jats, also known as *zamindars* (in general, the term *zamindar* is used for a landowner, but in this and surrounding villages it means 'cultivator', synonymously with Jat). The non-agriculturists also belonged to one or another of the artisan *quoms* (hereditary status groups) prevalent in the Punjab. The economic divisions and *quom* differences were clearly demarcated soon after the village was settled.

The ancestral owner rented out all land to tenant farmers in return for a fixed portion of their crops. He himself lived in Isa Khel, a pattern followed through the generations. The large landlords of the village have continued to be absentees, administering their lands through managers. The managers, too, until recent times have been outsiders but resident in the village. During the early period of settlement, administration by the landlords was minimal and land was plentiful. The villagers recall tales of plenty for tenants, artisans and owners, with the last group benefiting the most. With little or no productive work, it was the landlords who reaped the greatest reward. With the death of the ancestral owner a relatively frictionless era ended. He was succeeded by two heirs, each of whom inherited about 2,500 acres of land. The current division of Sahiwal into two *pattis* dates from their time. Haji Sahib's branch of the family was fortunate in that it had only one heir in each generation up until the time of Haji Sahib's own marriage. He has ten children, and the responsibility for managing the estate is assumed by his eldest son, Naib. With the exception of sales made by Haji Sahib to support his feudal style of life, characterized by a love of pomp and a show of generosity, this inheritance has come down in one solid block.

The pattern of inheritance in the other branch of the family associated with Khan Sahib's *patti* did not favour the retention of land in one large block. In this branch the inheritance of land was more widely dispersed,

some having gone to widows and collateral relatives. Neither was the power of this faction enhanced as a result of the belief that Haji Sahib's father was murdered at the behest of his uncle. At the village level the managers, tenants and artisans have exploited the dissension between the two *pattis* to their own advantage. Since a larger proportion of agricultural land has continued to come down to Haji Sahib's *patti*, his branch of the family remains dominant in the village. They are able to provide more protection and patronage, and hence retain a greater degree of control over the populace.

For a long time the methods of production remained unchanged. Land was cultivated entirely by tenants. Bullocks and traditional implements of production were used, as were traditional crops and varieties of seed. No attempt was made on the part of either *patti* to increase production; yet villagers nostalgically remember the days when they could do pretty much as they pleased. Managers came and went, some good, some bad, but on the whole the landlords were paternalistic. Their primary interest was in the control of land and the people connected to it rather than in economic production *per se*. The peasants and artisans were able to exploit this to their own advantage, since the landlords had an over-abundance of property in land. (It is said that they were often unaware of which segments of land belonged to them; and if told, they were embarrassed to acknowledge the fact.) Traditional patron-client relations obtained, on the basis of reciprocal favours and services. The details of what to grow and how to grow it were left to the tenants themselves. Since all the work was done by hand, and wells were the main source of irrigation during the winter months (the private canal being a six-month affair, only from spring to autumn), everybody was kept relatively busy. The sale of some lands in Bakhri, a hamlet to the north of Sahiwal, created the first peasant proprietors in this area; but apart from creating the desire of other tenants to own their own lands, things remained more or less unchanged until after the creation of Pakistan, and indeed, until the introduction of land reforms and the so-called 'green revolution' technology and mechanization.

Land Reforms and their Impact

The need to reform the agrarian system of the Punjab was first highlighted in the progressive manifestos of the Muslim League party, which led to the Pakistan Movement. A widespread interest in the question grew up among peasant groups, and they began to push for tenurial and other land reforms. But it was not until 1959, after the installation of Ayub Khan's military regime, that land reforms were finally enacted. The aim of these reforms was to end the non-productive use of land and to increase agricultural production by the use of higher-yielding varieties of seeds and intensive cultivation. Instead of a strategy of utilizing small farms with improved traditional implements, the path chosen (on the advice of the Harvard Advisory Group and the World Bank) was that of encouraging large farms under private ownership, and the

use of modern machinery. Ceilings on land ownership were set at 500 acres per individual, with additional acreage allowed for mechanized areas or for orchards. The impact of this strategy of reforms on villages with large holdings such as Sahiwal was swift and far-reaching.

For the first time, large landowners perceived a threat of diminished returns if they failed to mechanize and improve cultivation. Leaving aside the question of the effectiveness of these reforms in reducing land holdings, they did make the large farmers aware that to maintain their economic edge and maximize their benefits from these reforms they must mechanize. This attitude was reinforced by the rhetoric of the Harvard Advisory Group, credits given by the international agencies, and state subsidies provided to large farmers. Also, the awareness that peasant organizations were becoming increasingly vocal, and would continue to be so, made mechanization an attractive political option for the landlords.

The first forcible eviction did not occur till 1966. The tenants who were evicted were considered to be trouble-makers, recalcitrant and unlikely to succumb to authority. This was also the first instance of an armed confrontation over land, a confrontation in which police forces and all the armed power at the landlord's disposal were brought into play. Following this, other evictions occurred in 1967 and 1968, and the lands of the evicted tenants were brought under mechanized cultivation by the landlord. This process continued until 1970. The meaning given to the term 'eviction' by the local hierarchy needs to be clarified. According to them, only those cases where formal, legal notices of eviction were served and tenants left as a result are called 'evictions'. Tenants who are provoked by being given an excessively bad tract of land, or where water is withheld, or when the debts they owe the landlord are used as a lever to push them into leaving, are not considered as cases of eviction. The landlords refer to such tenants as having 'left voluntarily', making it sound benevolent and non-coercive. Possibly also census takers and survey researchers may grossly underestimate the rate of evictions by using misleading phrases in their questions, or misunderstanding the answers — or both.

Along with mechanization, new varieties of seeds and crops were introduced. In previous years, tenants had been able to grow vegetables and crops for their subsistence needs, but this they were no longer permitted to do; they were told what to grow and the acreage required. Decision-making was passing out of their hands.

The tenants of Sahiwal resisted this process, and their resistance was supported by the manager at the time, who considered the new regimen an intrusion into his domain. Eventually he was dismissed and a new man, a 'company' man, was recruited from Isa Khel, the home district of Naib, the young master now in control, with powers of attorney from all the other family members. The new manager not only shared Naib's ideas regarding modern agriculture, he also had a reputation for toughness, which was needed to subdue the uproar generated among the *raiya* as the new policies were instituted.

Two main factors precipitated the departure of the previous manager. He was known as a man of many vices who used the women of the tenants in return for granting them favours. But this immorality was not the reason for his dismissal. This was because he opposed and resisted the introduction of the new system. True, his opposition was based on curtailment of his own vested interests, but he was dismissed because (a) he attempted to sabotage the new production regimen, and (b) in order to maintain his own power position he exploited the factionalism and friction between the two branches of the family. Naib claims that he sacked the manager because he could not cope with the psychological tensions generated by his exploitation of the family differences centred around the two *pattis*. But it seems, at a more pragmatic level — that of control — that the manager's dismissal served to consolidate the hegemony of the *maalik* over the *raiya*.

With the introduction of mechanization and high-yielding varieties of seeds, the cropping pattern of the land was standardized so that eventually, only four crops were produced: wheat, cotton (the traditional crops), rice, and sugar cane. Of these four, only wheat was a subsistence crop. The sugar cane varieties grown were unsuitable for local consumption, but suited to sugar extraction at the mills. The making of brown sugar, *gur*, a traditional occupation, was minimized because of the landlord's insistence on marketing the whole crop himself, and because there were government regulations against making *gur* locally.

Discipline was maintained on a day-to-day basis by creating a hierarchical structure with the non-local manager at its apex, always implementing the landlord's orders, sometimes suggesting his own ideas, but never in conflict with the owner. Below him was a staff of *kardars*, foremen, whose job it was to see that the tenants worked properly and to prevent them from stealing, or from damaging water channels, etc. Detailed work sheets were introduced. Any tenant who failed to do as instructed was fined, and those whose work was not satisfactory were warned by threats of eviction.

Tube-wells were installed, and the old Persian wells removed, which meant that tenants became increasingly dependent for their water supply on the landlord or on government sources. Since the tube-wells were close to irrigation channels, the lands closest to the irrigation canal and the village were put under mechanization, or 'self-cultivation', as it is euphemistically called. The tenants were thus pushed farther away from the village. The profession of traditional well-makers, (*tobas*) became extinct and they were forced to seek alternative work.

Early in this period, when the orchard was planted, the previous manager initiated a housing scheme. With Naib's approval he took a portion of agricultural land next to the village pond, and settled a whole colony of landless labourers on it. The objective of establishing this colony, called Lokari, was to gain political support in the elections to Basic Democracies (the Ayub regime's version of local governing bodies, which also served as an electoral college at the national level). But the long-term effect of this settlement has been to give Naib's family a source of tied labour. The residents' compliance

is required in return for the right to this housing. A resident who reported the theft of canal water by one of Naib's staff in the summer of 1979 was locked out of his house as a punishment. Similarly, a tractor driver who left his job at short notice was also deprived of his dwelling.

Cattle are an important component in the agricultural and domestic economy of the tenants. To the mechanized farmer, however, they have little use and can cause damage to crops. The landlords introduced a system to discourage cattle rearing, by restricting the amount of fodder the tenants could grow according to the number of draught animals needed to work their fields. Fodder was no longer divided with the landlord, since he did not keep animals as a power source. The tenants would take their half as usual, and buy back the other portion of the crop at just below the market prices. This concession to the tenants was in order to discourage them from stealing fodder from the standing crops. In general, a tenant could keep two draught animals and one milch—cow.

A New Era

In 1970 a new era dawned both nationally and at the village level. Zulfiqar Ali Bhutto and his Pakistan People's Party (PPP) came to power. Unlike the traditional voting patterns when votes were cast on the basis of *patti* affiliations, this time votes were cast on an ideological basis. While the landlords supported a candidate of their liking, a broad coalition of landless labourers, poor peasants and like-minded villagers joined to cast their votes for the PPP candidates.

Naib too had his political aspirations. His father was an independent candidate from the home district of Isa Khel, but the son had ideologically liberal tendencies. Along with many other feudalists, he was invited by the Bhutto forces to join the PPP, which he did. In order to realize his political ambitions he had to pay allegiance to the PPP political platform, and this meant implementing Bhutto's land reforms to the letter. And this he did. No more evictions took place in his *patti* as long as Bhutto remained in power. The division of inputs provided in the law was strictly and honestly adhered to. Naib went further than most; he even called a meeting of the tenants to inform them of their newly acquired legal rights. But it should be noted that with all his liberal leanings, he followed the *letter* of the law only. The law contained many loopholes and in the long run was open to subversion; a fact of which full advantage was taken.

Because the 1972 land reforms, to an even greater extent than those of 1959, were designed to promote capitalist farming, Haji Sahib's eldest son became a capitalist farmer *par excellence*. The fact that the landlord now provided the *abiana* and *malia* (water and land taxes), seeds, and half the other inputs, meant that any discretion remaining to the tenant was eroded. This also encouraged the landlord to institute an administrative system whereby he could not only recover his 50% of the crop as rent, but also the loans

he had made to the tenant in the form of fertilizer and pesticides. In Sahiwal, the tenant's entire sugar-cane crop was marketed by the landlord, who then gave the tenant a receipt for what remained in his account after all outstanding debts had been deducted. The tenant seldom, if ever, receives any cash for his crop.

Since the military takeover of 1977, the conflict of interest between this landlord and other village classes has become more stark. Naib still pays lip service to progressive ideas, but the contradictions are becoming more obvious. In the last year and a half (1979–80) 16 tenants have been removed from the land by a variety of manoeuvres. Although innumerable verbal complaints and jests circulate in the village, the villagers can do little to counter these tactics. Tenants who still have their land are afraid they might be the next to go. Indeed, last summer (1980) there was a strong rumour that all tenants were to be evicted. However, because of the present military government's repressive stance the tenants are reluctant to take any political action. The landlord continues to extend the amount of land under mechanized cultivation, which, for more and more tenants means restrictions on their physical freedom in the village, under-employment or no employment at all.

As mechanization proceeds, Naib's lands are criss-crossed by roads. Along with these roads has appeared a feature common to private property – the locked gate. Keys to these gates are held by the tractor operators, the manager's staff and the owner only. Other villagers are not permitted to drive a vehicle on the roads guarded by these gates, and, since the mechanized lands lie close to the village, the villagers must take wide detours in order to get to places which previously were only a short distance away.

The overall effect of the new developments for the tenants and the *kammis* (artisans) has been further displacement from their traditional occupations, forcing them to look for work either in the service sector or in the stagnant industrial sector. The *kammis* no longer receive their traditional dues from the new crops of rice and sugar cane. Wages are low in Sahiwal and casual labour is mostly restricted to harvest time, or when sugar-cane and rice are planted (both wheat and cotton are planted mechanically). People in the village say that they can now expect nothing from the landlords and will get only that which they can strive and fight for. They also express a sense of betrayal by the state. They deeply lament Bhutto's death. Naib's role in all this is self-contradictory. His progressiveness is skin-deep. His first commitment is to his own property. If the political climate is favourable to the masses he will go along with it. But when it favours his own class he will extract all possible benefits for himself and forget the welfare of the *raiya*. Marx's dictum, that in the last analysis one is always a victim or proponent of one's own class, is very apparent in his behaviour.

The System and Its Effects

Mechanization, or what the census refers to as 'self-cultivation', is the basis of

the system of agricultural production in Sahiwal. The system produces a basic contradiction between the landlord and the tenants and a number of other contradictions between different classes in the village. Over 85% of the villagers in Sahiwal make a living from the land. This population is now differentiated into the large farmers (*maaliks*), the rich and middle peasants, the poor peasants, the artisans (*kammis*), and the agricultural labourers (*khet mazdoors*).

The primary relationships in Sahiwal have been those of landlord and tenant, tenant and artisan, and landlord and artisan. Through the ages this relationship has remained fundamentally the same. The landlord rents out land to the tenants who farm it with bullocks. They produce certain crops which they plant, water, weed and harvest. After harvesting the crop they notify the landlord and his staff, who then come to oversee the *batai*, the division of the produce. The terms of the division may change from time to time, but the process is essentially the same. Prior to the division a prayer is said and the priests take their traditional share. The crop is weighed and the shares of the landlord and the tenant determined. What is left at the bottom of the pile is then distributed among the *kammis*. Previously, four *kammis* used to be given a share from the common pile, but now only the blacksmith and the carpenter receive this. The tenants pay the other *kammis* out of their own shares. The landlord also claims portions from the common pile for payment to government functionaries who benefit him, not the tenants. And finally, the landlord takes shares for *kammis*, sometimes unknown to the tenants, with whom he has had dealings, such as the *mirasis* (bards). It is hard to believe that the those who have worked hard to produce a crop are left with so little.

The unequal position of the tenant vis-a-vis the landlord is even clearer in the case of the disposal of the sugar-cane crop. Here all the tenant's crop is taken by the landlord and sent to the sugar mill. Receipts are taken by the landlord's men and then accounted to the tenant's passbook after deductions are made for inputs given to him over the year. Thus for producing the sugar-cane crop the tenant receives hardly any money. A government regulation states that on any cane delivered to the mill a certain proportion of sugar be given to the producer. In Sahiwal the entire amount of sugar is usurped by the landlord, and the tenants receive none, despite the acute scarcity of sugar in Pakistani villages.

Those *kammis* and wage labourers not included in the customary sharing of the crops are literally reduced to begging. True, begging is institutionalized in the village and thus expected; nevertheless it is a degradation of personal dignity. Those *kammis* who grovel excessively are the brunt of many cruel jokes.

Thus, the land reform laws which were supposedly to help the rural poor have produced a series of contradictions, of which the first victims have been the tenants. They have been subject to evictions, and threats of further evictions to accommodate the mechanized agriculture that has eroded their traditional land rights. Landlords no longer see themselves as paternalistic pat-

rons. Their relations with others are governed by efficiency-related criteria and their interest lies solely in extracting the maximum surplus from the land and labour of others. This has meant switching to cash crops and forcing the *raiya* into the market for most of their subsistence needs. Given the high rate of inflation, and the tenant's limited sphere of movement, it is he who suffers the most in this process. Not only does he have to pay more for his needs, but he receives less for what he has to sell. Whatever part of his produce he sells directly is invariably sold to the village shopkeeper, to whom he is often indebted. The latter, naturally, does not pay competitive prices to a captive seller.

The tenants have become heavily dependent on the landlords for input requirements over which they have no control. The landlords can take full advantage of the system of distribution, the tenant cannot. Unable to put up collateral for loans, he must deal through the landlord for fertilizers, etc. Many tenants complain that they receive poor quality fertilizer and too little pesticide. The landlord denies this, but obviously, whenever inputs are available, the landlord takes care of the needs of his mechanized farms first. For example, in 1979, the landlord's cotton crop was magnificent, but tenants, who grew the same variety, had poor returns because the landlord's staff had failed to provide pesticide at a crucial time when the crop was being attacked by a destructive bug.

The artisans, too, are subject to greater insecurity with the advent of mechanization, as the use of traditional farm implements is replaced with machinery. Also the availability of competitive, commercially produced goods has decreased the demand for their products, thus making them superfluous in the village division of labour. Mechanization has opened up jobs for them as casual labourers, but this demand is limited to the harvesting season (with the exception of wheat-threshing, harvesting is not mechanized in this region) and the sowing of rice and sugar-cane. As artisans, they had some control over their means of livelihood; now they must sell their labour in order to survive. The insecurity of their livelihood has increased as they are dependent on the whims of whoever hires them. And most significantly, the work of the *kammis* as casual labourers creates conflicts within the *raiya*. Firstly, by entering into wage labour they come into conflict with the *musalis*, who were the traditional wage labourers. Secondly, the tenants see the artisans as benefiting at their expense, when they are employed as wage labourers on those lands where, previously, the tenants were the cultivators. The basic contradiction is generated by the landlord, but it often serves to divide the agricultural working classes in the landlord-dominated villages. In Sahiwal these conflicts are further exacerbated by the fact that Naib's current manager is from the *kammi* class, and as such is seen as favouring members of his own *quom*.

In the wake of changes that have taken place in the agricultural system, the tenant finds himself faced with yet another handicap. Whenever disputes arise over evictions or implementation of other land regulations and general law and order, the revenue and police authorities favour the property-owners,

who have greater resources at their disposal. I did not find a single case where a decision was made in the favour of tenants when they were involved in disputes with the landlords.

Water management is another area of dominance by the landlord. Since all the tube-wells are located on the landlord's property, he is in a position to dole out water to tenants and others as he sees fit. Though supposedly there is an orderly system of assigned turns for the use of irrigation water, based on a complicated formula, it is suspected that this, too, is used as a lever of power when necessary. The managers of the two *pattis* keep records, and the tenants are told when it is their turn to irrigate their lands. I was told by a person in authority, that this record was manipulated on several occasions by withholding the water supply of a recalcitrant tenant, and the landlord was thus able to dislodge him from his land without the use of force. When some tenants were questioned on this matter, they pointed out that they were unable to prove the existence of such manipulations, since they have no access to records, cannot read or write, and for them to approach government officials is difficult.

The Complex of Social Groups

In the social organization of Sahiwal, the *maaliks*, (large farmers or landlords) stand at the apex. In this instance they belong to an external ethnic group, being Pathans. The remainder of the village population falls into two main divisions, agriculturalists and non-agriculturalists. The agriculturalists are all Jats (locally known as *zamindars*) and belong to several different *quoms*, or kinship groups. The non-agriculturalists constitute two main sub-divisions: artisans and landless wage labourers. The artisans, (*kammis*), were traditionally the craftsmen who, in one form or the other provided services to the farming Jats and *maaliks*. Traditionally, the landless labourers, the rural proletariat, came from the *musalis*. Now, as we have noted, others are joining their ranks to sell their labour for wages in kind or cash.

The large farmers are still the Pathans, but with the legislation of land reforms and sale of land by the *maaliks*, some rich peasants have emerged. These latter have holdings of their own in the neighbourhood of 25 acres. In Sahiwal the number of rich peasants is restricted to a few Jat families and a few artisan families from among the goldsmiths. The latter are the kind of entrepreneurs who derive most economic benefit from the village social customs relating to marriage, etc. The bulk of the agriculturalist population of Sahiwal falls into the two categories which we have termed middle peasants and poor peasants. The middle peasants are predominantly Jat families who own some acreage of their own — land either obtained in consequence of land reforms, in which case they are known as 'allottees', or land bought from one or other of the *maaliks*. They still have to rent land to maintain their standard of living. The poor peasants simply rent their land and possess none of their own. In many cases one or more members of their families work for

wages to supplement their earnings.

As mechanization and related changes have shattered the old system of the division of labour, the *kammis* have had to make drastic adaptations to preserve their survival. Some of them, such as *jooras* (goldsmiths), *lohars* (blacksmiths), and *tirkhans* (carpenters), remain more or less useful to the village economy, and by undertaking some new lines of production and small entrepreneurial ventures, have survived moderately well in the face of commercially produced machinery and other commodities. On the other hand, traditional specialists such as *paulies* (weavers), *kumbhars* (potters), and *tobas* (well-makers) have become superfluous and have had to accept wage labour on the farms or in the cities. The *maulvis* (prayer leaders), and *mirasis* (bards), with some patronage from the landlords, still remain the two parasitic groups surviving as traditional functionaries, although — after receiving some education — the latter are picking up new occupations as domestic drivers and servicemen. The *musalis* continue as wage labourers, *khet mazdoor*, but they too have had to look for alternative employment outside the village, since competition for what was traditionally their sphere of work has become acute through the changes in the division of labour. In brief, changes in the system have relaxed the traditional structure, so that *kammis* may be found as rich peasants, or Jats as wage labourers. By and large, however, for most classes the movement is downwards, with increasing segments of each (excluding the large farmers and the rich peasants) being forced to join the ranks of the rural or urban proletariat. Clearly, property relations remain the basis of social organization. The division into agriculturalists, non-agriculturalists and *maaliks* is in terms of property relations. As property relations and methods of production change, so does the class position and social organization of various status groups within this system.

Intra-class Relations

Before Bhutto's government, landlords in such villages as Sahiwal had complete control over the other classes whose houses were the property of the landlord, and who were expected to perform *begar* at the landlord's discretion — that is, personal jobs for the landlord and his staff, as and when asked, without remuneration. In those days there was practically an overlord—serf or master—slave relationship between the *maalik* and the *raiya*, the former being addressed as *alijah*, 'the elevated one', by the latter. The landlord always sat above the members of the *raiya*, and it was not unusual for them to greet the landlord by touching his knees. The women of the village also conducted themselves in a similar manner in the landlord's household, although a more egalitarian relationship existed between the women of the *raiya* and the women of the *maalik* households, since they often shed tears together.

As long as one went along with the wishes of the *maalik*, working hard, or making a show of obedience, as in the case of *mirasis*, everything would go well. But any deviation from expected behaviour invoked the wrath of the

maalik. The whole ritual and language surrounding this relationship was couched in terms of mutual benefit and caring. No villager denies that, at times, benefits did accrue to them, but they also say that they gained nothing at the expense of the landlord's interest. As for 'caring', many have remarked that they, as members of the working class, did all the caring in the feudal set-up. The *maaliks* were the ones who were *bewafa*, 'unfaithful', but they never deserted the *maaliks*; they were deserted by them when they no longer served their needs, or were no longer needed by the system.

During the Bhutto government some non-owners, poor peasants, *kammis* and landless labourers received titles to their houses. Sahiwal was one of the few villages where the law promulgating this entitlement was applied, because the PPP activists fought for titles in the village. Despite this, landless labourers who live in Lokri did not benefit from this law, because their settlement was claimed as landlord's private agricultural land and not as village common-land. In any case 'legal' titles do not seem to guarantee ownership by the resident. In the summer of 1979, a woman domestic of the landlord's household quarrelled with her mistress, and was ordered to leave her house forthwith. She moved out all her household belongings, but upon intervention by others was allowed to stay. This shows the extent of domination exercised by the landlords and to some extent accepted by the *raiya*.

Bhutto's government also legislated against *begar*. However, in practice it has a close parallel in a system of *vangar*, whereby a landlord can ask his tenants to work on a particular project in return for a meal. The work may be a community project or simply a personal task for the landlord. Most villagers object to this system, especially when it involves work for the landlord, complaining that at times they have to leave their own work at critical stages to perform this service. They are also sarcastic about the meals they receive in return on account of the poor quality and meagreness of the food. Often this is a result of the landlord's own ignorance of his supplies. Most of the time he is away, and when he is in the village, various favourites are generously fed; so when collective meals come to be prepared, supplies are discovered to have run out. This meanness is no reflection on the landlord's motives but is rather an outcome of the system, whereby the extended family show, generosity to favourites, while oblivious of the needs of the wider collectivity.

Although *begar* is illegal, this does not mean that free labour is not used by the landlord and the members of his extended family. His womenfolk utilize the labour of other village women to maintain their comforts. Not only that, people from the landlord's *patti* are expected to do the bidding of their landlord at any time, especially his domestic and field staff. Both sets of employees complain about the landlord's lack of appreciation of their own family obligations and needs. Staff members may be sent out on chores when there is sickness in their families, or other critical matters require their presence at home. Often they are underpaid and can barely make ends meet. For example, one woman employee receives only ten rupees (approx. U.S. \$1.00) per month. Another has been working for the landlord's family for the past two years in return for occasional meals. Demands for wage increases,

especially on the part of domestics, are viewed as insubordination. Landlords often take villagers as domestics to their urban dwellings, where they are grossly underpaid by city standards.

The only class that escapes the clutches of the landlord is that of the independent peasant proprietor; and here, in fact, the landlord must act with care. This is because the peasant proprietor has political leverage in terms of mustering the electoral votes the landlord needs to fulfil his political ambitions. In practice, however, the landlord has done nothing to help the peasant proprietor to improve his conditions. He has never used his influence with the agencies in control of distribution and marketing to assist the peasant proprietor. The peasant proprietor is the only antagonist to the landlord with the economic independence to make his antagonism at all effective; but here, again, the landlord tends to use the family members of the peasant proprietor, who may be his employees, to obtain his compliance.

Within the landlord class itself, the significant unit of analysis is the household, and beyond that the extended family plays by far the most important role. This is generally true of Pakistani culture, but it is an especially critical factor in understanding the behaviour of the landlord class. Individuals are the beneficiaries, as well as the victims, of this family structure: beneficiaries, in that family connections bring together economic, political and social resources; victims, in that the web of such an association is so powerful that even when an individual within this network wishes to opt out, he or she finds it hard to do so. Family ties are deeply internalized.

In Sahiwal the particular landlord family with which we have mainly been concerned here provides a good example of this two-sided relationship. The property held by this family both here and in Isa Khel is extensive. Politically, this family has been active in Isa Khel for some time and draws its support from extensive *biradari* (kinship) connections. This combination of political and economic resources gives them a powerful status.

The individual actors, however, are captives of this system, some willingly, some not. In Sahiwal, their land is now divided among Haji Sahib, his wife and their ten offspring. In spite of this, it is managed as one unit, with no individual owning more than 50 acres. The operating unit is the entire holding. This means that Naib, who manages the property, must take the whole family's well-being into consideration rather than act according to his own convictions. This partially explains the contradictions generated in his social, political and economic actions.

Socially, this system of property ownership in the extended family perpetuates within it a system of inter-marriage. Women, more than men, become victims of this system, because, in many cases, their movement is also restricted by a rigid observance of *pardah*, veiling and seclusion from men, particularly when they are in the village. Not only that, they are discouraged from developing into independent persons, with economic and other interests of their own. The men too are victims of this system, though they may be less aware of their oppression. They are expected to maintain control over the

family and its resources, and as a result their ability to develop their own potential as persons also suffers. Since the system requires them to maintain a distance between themselves and others outside this close network of family and class ties, any activity outside one's own circle becomes a virtual impossibility. Sadly, men lose touch with reality and with it a large portion of their humanity. The opportunity to enrich oneself spiritually through a wider sphere of interaction is lost. Their relations with the people of other family and class backgrounds tend to be of a domineering type, based on status, and not on the equality of individuals. Friendship is by definition excluded.

Social contacts, therefore, are primarily with others of the same class. This class affiliation is an even more sinister force than the family affiliation. Relations with other landed families comprise an interconnected network whereby information is exchanged, combined class actions taken, and pressure exerted at the state level. The *maaliks* of Sahiwal have contacts with virtually all the other large landlords and their families in the area, and will go out of their way to maintain and secure these linkages. This has tremendous significance for the ability of people to organize in such areas against the excesses of the landlords. Through their class linkages, landlords can undertake reprisals against people who demonstrate their protest, even when they belong to a village elsewhere.

The exclusive connections with the members of one's own class, and family pressures, mean that the landlords have a limited framework within which they perceive, and interact with, the other classes. The constraint imposed is both economic and psychological. Often landlords are simply incapable of stepping outside their own way of looking at things. Even those who can, and do manage to broaden their outlook, find the internal economic and emotional ties too strong to follow the dictates of their conscience. And those who can rise above their own material interests are constrained by their family ties, and as such, succumb to the psychological bonds. Only a very exceptional person is able to transcend all these social, economic and psychological barriers.

Conclusion

The trends in Sahiwal indicate that the present system of agricultural production will continue its march towards the alienation of large segments of population from their means of livelihood. More and more people will enter the ranks of the rural proletariat. With the increase in acreage being put under orchards, even the number of casual workers will be further curtailed. And if, and when, harvesters are added to the farm machinery still more labourers will lose their jobs in the village.

The current system of agricultural production and social organization has accentuated the contradictions between the landlords as a class, and other rural classes. In the short run, it has also perpetuated conflict between agriculturalists and non-agriculturalists as they compete with each other in the

village for the meagre means of livelihood. But with the greater number of agriculturalists entering the non-agricultural workforce, the significance of these occupational divisions will diminish, and the primary contradiction between the *maaliks* and the *raiya* will come to the forefront. Already, there is an awareness that on a day-to-day basis people are perceived as individuals, which creates divisions among themselves. In the 1970 elections the unity of the poorer classes was expressed in their support of the People's Party platform. This trend can be expected to continue if organizational resources are generated and sustained.

There is also an awareness that a leadership that will in the long run benefit the *raiya*, can never be expected from the *maaliks*. The *raiya* realize that the state structure is a powerful force that can work either for or against them, consequently they will have to organize, and seek their own representation in that structure. In this respect people compare the role of the PPP government with the present military regime. The distribution of benefits and constraints generated by this system is sharply skewed. The stakes for the beneficiaries are too high to permit them to allow any real change. At the same time, the waste in human potential and the violence done by the system to the human personality are also considerable. Even the best-intentioned individuals among the landed class are victims of it. The system encourages control, dehumanization and competition among people. It encourages economic efficiency, domination and selfishness at the expense of human growth. Organization among the oppressed classes and the impact of this on the political level can encourage change that may lead in turn to the liberation not only of the oppressed, but also of those who derive the maximum material benefit from the system.

Notes

1. In local usage, as in Sahiwal, the term *maalik* refers to a large landlord and *raiya* to his economic dependants. In the landlord-dominated villages of the area the relations of dominance and dependency find their concrete expression within the sphere of influence of a given landed family known as *patti*. A *patti* has both a physical (infrastructural) and a social dimension. All those who belong to a landlord's *patti* are known as his *raiya*. Even today, when the traditional relations of production are being disrupted, the terms *maalik* and *raiya* are retained in popular usage, though more so among the poor villagers than among the landlords.
2. See Saghir Ahmad, *Class and Power in a Punjabi Village*, New York: Monthly Review Press, 1977.
3. This aspect of the relationship between landlords and their dependants is dealt with extensively in the literature. See for example, James C. Scott, 'Patron-client politics and political change in Southeast Asia', *American Political Science Review*, 66, 1 (March 1972), and Eugene

D. Genovese, *Roll Jordan, Roll: The World the Slaves Made*, New York: Pantheon Books, 1974.

Part V: Islam and the Manipulation of Ideology

13. Education and Development

Abdur Rauf

In this chapter, the role of education in the development of forces of production as well as the social relations of production are examined from the perspective of historical materialism.¹ It is contended that the role of education in the social construction of a society cannot be adequately understood unless it is examined in the context of historically evolving material structures of the society and the superstructure that supports and maintains them. Education, as considered here, is both a part of the forces of production and a legitimizing force for the social relations of production. Its dual function is to reproduce the social relations of production and to legitimize these relations by reinforcing dominant ideologies. More specifically, I will argue that the educational system in Pakistan has evolved in response to changes in the material structures and the social relations of production. The educational policies pursued by the bureaucratic elite in this country have their roots in the colonial-feudal structures obtaining at the time of independence; though since then they have partly shifted to meet the needs of commercial industrial bourgeois structures. Feudal-capitalistic structures and their concomitant ideologies have produced many distortions in the structure and process of education in Pakistan, which has failed to bring the masses to participate as full citizens in the social construction of their own society. Finally, I propose that unless human energies and resources are released from their class-based structural conditions and their confining ideologies, and unless a broad-based educational system aimed at promoting human development is provided, Pakistan will not attain its cherished goal of a just and egalitarian society.

Historical Material Structures

At the time of independence Pakistan was predominantly a semi-feudal country. It inherited a colonial economic system dominated by the foreign bourgeoisie. Its rudimentary industrial base went no further than the processing of agricultural products. The British controlled its trade and its credit system. More than 80% of its imports were in the hands of British companies. British influence linked Pakistan's economy to the 'sterling area', discouraging trade with countries outside this bloc.² Because of this link

with the metropolitan economy, Pakistan remained a producer of agricultural raw materials with a feudal system of land ownership. It was only in the 1960s that an indigenous bourgeoisie started to emerge, in close cooperation with British firms and with state help in the form of capital, as well as a monopoly over import-export licenses. Only at this point did development in the manufacturing sector begin. But even this was restricted to consumer goods promoted by the state's import-substitution policies.³ These policies also encouraged foreign capital to venture into the manufacturing sector, taking advantage of cheap labour and ready-made markets for consumer goods. Despite implementation of the import-substitution policy and massive spending on imports of machinery and materials for producing finished consumer goods, the total imports of the country continued to increase. The manufacturing of capital goods never got off the ground, for obvious reasons. On the one hand industrialization, limited and lopsided as it was, met the distorted demands created by the previous stage of colonial development; on the other hand it fed on cheap labour provided by the impoverished masses, and hence maintained and even deepened social inequalities. It did, however, draw together the indigenous bourgeoisie, who profited from this process, and the foreign suppliers of capital and advanced technology.⁴ Thus Pakistan remained, and will continue to be, a dependency at the periphery of the global capitalist system.

Although agriculture went through a boom period during the 'green revolution', its fruits were not reaped by the direct producers. In fact, as demonstrated elsewhere in this book, the consequences of the green revolution for small peasants, tenants and agricultural workers were disastrous. The real beneficiaries of the green revolution were the rural elite and the feudalist landlords, who managed to turn most of the state investments directed into agriculture towards developing intensive production. In Pakistan, during 1965-71, the state allocated a huge sum of around Rs. 1.5 billion, from its budget-revenues to subsidize the difference between the market and distribution prices of modern inputs and machines (fertilizers, tractors, and the like). However, the entire rural income generated by agricultural subsidies and outlays went to a small number of big landlords.⁵ For example, in 1968-69, in terms of taxes, this wealthiest group accounted for less than 1.5% of the total taxes collected in West Pakistan. This group of landlords, because of its political impact, managed to unload the major burden of investment in intensive agricultural development onto other strata of society.⁶ One important social consequence of mechanization was increased unemployment among the peasants, farmers, and agricultural producers. In the Punjab, according to some estimates, the amount of labour required had been reduced by about 50% per unit of land, as compared to the period before mechanization, a decline from eight to four persons per 40 hectares of farmland.⁷ Thus the material structures of Pakistan, though not fully integrated into the global capitalist system, are dependent on this system and remain at its periphery. The relationship between the indigenous bourgeoisie and the metropolitan bourgeoisie remains symbiotic. Internally the feudal classes, along with a

bureaucratic—military oligarchy, are the dominant forces in shaping the policies underlying the social construction of Pakistani society.

Political—Ideological Basis of the Material Structures

At independence, Pakistan inherited well-entrenched bureaucratic and military structures. The military was not so powerful at that time, but subsequent U.S. military aid subsequently increased its strength. The ruling Muslim League party was dominated by landlords, whose sons were the main source of commissioned officers both in colonial and post-colonial Pakistan. The links between the feudal class and the military elite have historical roots. The landlords, though politically influential, had to reckon with the bureaucratic elite, which to some degree remained autonomous, and at times, was able to manipulate the politically influential feudal class through the exercise of bureaucratic power. However, the feudal class was not devoid of its base in the bureaucratic structures. Many of the higher civil servants came from this class and remained loyal to its interests. The newly emerging bourgeoisie, though politically less influential in the beginning, successfully courted the powerful bureaucratic elite by establishing family ties with them or by providing them with opportunities in business ventures or through straight graft. They also established relationships with factions of the army, by adopting the practice of awarding profitable directorships to retiring generals. An accommodation of the mutual interests of these classes was facilitated by the bureaucratic—military oligarchy's control of organs of the state. The ruling group in Pakistan has frequently evoked the ideology of Muslim nationalism and Muslim brotherhood to maintain the existing social order and has sought to legitimize social inequalities both on social as well as on regional bases. Under the rhetoric of the ideology and unity of Islam it has denied the validity of claims and demands of the less privileged groups.⁸ The ruling group, though not completely unified, shares the same class ideology.

Education and Its Structural Context

In ex-colonies, it has been remarked,

The structure of the schools, since it came from the metropole was based in large part on the needs of metropole investors, traders, and culture. Western schools were used to develop indigenous elites which served as intermediaries between metropole merchants and plantation labour; they were used to incorporate indigenous people into the production of goods necessary for metropole markets; and they were used to help change social structures to fit in with European concepts of work and interpersonal relationships.⁹

In colonial British India the educational system was intended to perform two main tasks. First, it was to create a faithful ruling elite who would serve the interests of the colonial ruler. Second, it was to produce a class of lower-level local functionaries to help in the day-to-day administration of colonial rule. During the British *Raj*, sons of the Indian potentates were sent to Oxford or Cambridge University, and in many respects were turned into 'Kala Sahibs', closer in their views to upper-class Englishmen than to Indian peasants. Special schools were also established in India, as in other British colonies, for the sons of the indigenous ruling elite: for example, Aitcheson College (known as 'Chiefs College'), which has even survived into republican Pakistan. 'Clearly education was not thought of as a means of promoting democracy, or spreading egalitarianism, or increasing social mobility. On the contrary, its role was to maintain the status quo, to strengthen the ruling caste, to make them wiser and better rulers, to reinforce the ideology upon which their power rested.'¹⁰

Despite the expansion in different levels of education, the aristocratic tradition of colonial times has not died out in republican Pakistan. Even a conservative Pakistani Educationist, Ishtiaq Qureshi, has remarked on the exclusive institutions established for the privileged classes that,

these institutions produce a corps of privileged elite, destined, because of its westernized training, the public service commission examinations being loaded in its favour, to rule over the despised 'native Pakistanis' — an elite so denationalized as to be alien in its own country with nothing but the most outrageous contempt for its traditions, culture and languages.¹¹

The educational policies pursued in the first three Five-Year Plans show a continuation of the elitist bias and a selective approach to the expansion of various levels of education. The selective approach was based on the view that the economy should evolve in a particular way, and that the task of the educational system was to supply trained personnel to fill the jobs opened up by its expansion. Adam Curle rightly notes the contradiction: 'Pakistan, which was on record as striving, through its Five Year Plans, for a society which was variously described as a welfare state and one based on Islamic socialism, [was] educationally wedded — in practice more than in theory — to a selective approach.'¹² The proposed funds in the first three Five-Year Plans show a disproportionate allocation to secondary and post-secondary education. In the first Plan (1955–60) over 56% of the funds were to be spent on college/university and secondary education. The rationale behind such a disproportionate allocation was the country's need for highly-qualified personnel to fill the positions vacated by the exodus of the British and Hindus at the time of partition, as well as needs resulting from expansion of the bureaucracy. The emerging middle class was increasingly demanding higher education, which had prestige attached to it as an 'aristoeratic' agency from the colonial era. Only 18% of the funds were proposed to be allocated

to primary education and even this allocated sum was not fully utilized. Technical education received less than 9% of the proposed budget, however; its share was steadily increased over time.¹³

Only 60% of the planned educational programme of the First Five-Year Plan was implemented in West Pakistan; in East Pakistan the proportion was even less — about 56%. East Pakistan's greater concern with primary and technical education reflected a contrast between an aristocratic and a relatively more egalitarian society. Comparative statistics show a tremendous increase in enrolment in secondary and higher education in Pakistan from 1954–55 to 1959–60. During this period increases in other levels of education, especially primary, were very small. Some strides were made in technical and vocational education, but their level of expansion was just a drop in the ocean of the country's needs.¹⁴

In the Second Five-Year Plan (1960–65),¹⁵ although there was some proportionate decrease in allocation of funds to secondary and higher education, it still constituted 36% of the total planned budget for education. There were some substantial increases in the allocations for primary and technical education, but the outcome of such increases, especially in primary enrolments, fell short of the total enrolment target of 60% for the 6–11 age group. Whereas the proposed allocation for primary education in the Second Five-Year Plan was 24.8% of the educational budget, only 14.7% of it was spent during this period, as is shown in the following table.

Table 13.1

Percentages of allocated funds spent on some important subsectors of education

<i>Subsector</i>	<i>First Plan</i>	<i>Second Plan</i>	<i>Third Plan</i>	<i>1972–77</i>
Primary	18.0	14.7	13.6	10.6
Secondary	26.7	16.9	20.8	17.0
Teacher training	6.6	4.7	3.5	3.2
Technical	8.8	15.6	26.0	11.0
College	13.1	10.6	8.2	11.4
University	15.0	12.6	11.7	10.4
Other	11.8	24.9	16.2	36.4
<i>Total</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>

Source: The Fourth Five Year Plan (Pakistan Planning Commission and Pakistan Economic Survey 1976–77.

Technical education, however, did gain some momentum during this plan period. About 25–30 new polytechnical schools were established, and quickly became popular for their apparent link with the job market. However, their students did not fare much better than other secondary school graduates when seeking jobs, because their training simply did not fit the

requirements of the industries. The manpower commission appointed by Ayub Khan later in 1968 discovered that polytechnic graduates were neither specifically trained in trade to assume work immediately at the time of their employment in industry, nor had a theoretical background sufficiently versatile to enable them to adapt to the new requirements of modern equipment. Industry was not enlightened enough to provide apprenticeships or training on the job, and preferred to employ men who had started as ordinary labourers and had acquired the absolute minimum competence in dealing with the machinery entrusted to their care. These men, being less mobile, were less ambitious, and therefore, more dependent upon the management for advancement.¹⁶ The case of highly trained graduates from professional and vocational institutes and universities was not much different (see below, pp. 334-5).

At the end of the Second Five-Year Plan, about 7.3 million children were attending primary schools, constituting only about 45% of the population of the 6-11 age group. Even these figures did not represent the situation accurately. About two-fifths of those in school were reported to be in class I, and the rate of drop-out from class I to II was usually more than 50%. Only one-third of those who entered primary schools were expected to reach class III (see Table 13.2). In absolute terms, then, the annual figure for children completing a five-year primary education was not very much higher than 600,000.¹⁷

Table 13.2

Average percentage of total primary enrolment by class, 1955-62.

Class	Percentage
I	44.6
II	20.8
III	14.4
IV	11.2
V	9.0
Total	100.0

Source: Adam Curle, *Educational Problems of Developing Societies, with Case Studies of Ghana, Pakistan, and Nigeria* (expanded and updated edition; New York, Praeger, 1973), p.52.

In the Third Five-Year Plan (1965-70) further changes were made in the allocation of funds for education. A greater proportion of the budget, about 30% this time, was proposed to be spent on primary education. Substantial increases were also made in the allocation of funds to technical education: almost 23% of the educational budget. Some decline in spending on secondary and higher education was also proposed, to bring it down to 30%. Such changes were welcomed by those who had stressed the importance of mass education in the construction of Pakistani society. There was an ambitious

project enrolling six million children during the Third Five-Year Plan and of achieving universal enrolment by 1975. But the actual implementation of the Plan did not bring the desired results (see Table 13.1). In actual terms, during 1965–70 primary education could only utilize 13.6% of the budget, whereas 20.8% was spent on secondary education and about 20% on higher education. The situation for primary education deteriorated even further during 1972–77. The Planning Commission for the Fifth Five-Year Plan has more recently noted this increased imbalance between primary and higher education. It comments that in most countries, the quantity of resources earmarked for the primary stage is the largest, with diminishing proportions spent on the secondary and higher stages. But in Pakistan, the pyramid has been inverted. During 1972–78, of the total allocation for education only 13% of developmental expenditure was used for primary education, whereas 16% was spent on secondary education and as much as 35% on higher education.¹⁸

Higher and secondary education has expanded extensively since the implementation of the First Five-Year Plan. The number of intermediate colleges rose from 20 in 1950 to 179 in 1978; the number of degree colleges rose from 26 to 261, and the number of universities from 4 to 9. There is also a preponderance of students studying arts subjects compared to other disciplines. Until 1978, 53% of students at the higher secondary level and 60% at the degree level were in arts courses.¹⁹ The expansion of science and technical education has also taken many strides. When the Second Five-Year Plan was being drafted, Pakistan was experiencing a rapid process of industrialization, mainly financed through large doses of foreign aid and entirely based on imported machinery and technology. The Commission on National Education, in 1959, recommended rapid expansion in science and engineering education. In its wisdom the Commission visualized Pakistan's quick entry into the age of science and technology and thought that scientific and technical education would provide further stimulation to technical change. Successive Pakistani governments have followed the Commission's advice and have increased public expenditure on science and engineering education and research. Over the last two decades Pakistan has opened many new engineering colleges and converted the old ones into universities. It has established new agricultural universities whose graduates have become specialists in new technologies. The Federal University of Islamabad and Karachi University have created science departments with sophisticated research facilities.²⁰ As a consequence of these policies Pakistan has made progress in its effort to enter the age of science and technology, but whether it has successfully used its expensively trained manpower or not is another matter. Some graduates from these institutions of higher learning did get entry into their vocations, mainly in expanding colleges and universities, but others were not so lucky. Since most of Pakistan's industrialization is based on imported machines and technology, not on indigenous creation, the demand for highly qualified personnel in advanced science and technology has been limited. A manpower study in Pakistan undertaken by a United Nations expert has clearly indicated the existence of surpluses in several areas of technical skill.

Shamsul Huq has argued, that these results are directly ascribable to the concepts and models of economic growth underlying the national plans of Pakistan.²¹ In fact, many graduates of these institutions of higher science and technology have found their way to countries whose aid has helped Pakistan to establish these institutions. Anis Alam rightly comments in Chapter 14 of this book that the science and engineering oriented education policies pursued in this country have made its science and education system complementary to those of industrialized-capitalist societies.

A Skewed Educational System

In summary, it is evident that the feudal-capitalist structure of Pakistan, with its supporting political and ideological structures, has created a distorted system of education. Higher education, based on elitist ideology, has received disproportionate financing through several Five-Year Plans. Despite high failure rates, the numbers of graduates from these institutions has risen to phenomenal proportions; many of them are general arts graduates, holding two or three university degrees. Unemployment among them is increasing. They have acquired the life-style, consumption habits and taste of 'educated gentlemen', without the financial means to support these habits.

In addition to the feudal structures, new commercial and industrial structures have emerged that are closely linked with metropolitan centres of Western Europe and North America. The emergence of these structures has given impetus to development of more technically trained manpower. Pakistani planners and their foreign advisors have responded to these developments by emphasizing technical and science education. The last two decades have seen a great increase in technically trained manpower. Although some of this trained personnel is fruitfully employed by the native bourgeoisie and multinational companies, many of them have not found a place in the indigenous industrial market. A fairly large number have now migrated to work in industries and other services in the capitalist countries of Western Europe and North America. As Anis Alam observes (Chapter 14) the expansion of science and engineering has helped the landlords and native bourgeoisie to multiply their wealth via the 'green revolution' and the explosion in consumer goods production. Further, it has facilitated the penetration of Western industrial culture and values. Whatever benefits have accrued to the great mass of the people have mostly been accidental rather than intentional.

Finally, under the facade of Pakistan's excellent record of development in the 1960s, the education of the masses has suffered tremendously. Until 1971, about 78% of the population over five years old was illiterate; even in subsequent years the illiteracy rate has changed very little.

Some apologists for these educational policies have blamed the lag in the achievement of universal education on the growing rate of child population. This may be part of the explanation; but it cannot totally explain away the incredible persistence of mass illiteracy. The Five-Year Plans data on the

allocation of funds to different levels of education clearly show the elitist ideology underlying the official notion of educational development. Throughout successive Five-Year Plans, primary education was not provided with enough funds, despite the lip-service paid to its importance in developing civic sense among the masses. Further, whatever financial gains primary education did make over the years were never fully utilized. The planners and administrators, instead of excusing themselves on the grounds of population increases, should have anticipated these and responded to the increasing needs at this level of education. But this did not seem to be their priority. The latest Commission, responsible for the 1978–83 Five Year Plan, has again proposed to invert the educational pyramid, but whether its recommendations will be fully implemented is another matter. Even if its recommendations are fully implemented, Pakistan will achieve universal enrolment only up to the 5–9 age group by 1986–87. This again is a very optimistic target.

Why has mass primary education been given such low priority by the successive governments of Pakistan? Two important reasons stand out. First, development in Pakistan was always based on concepts and models of economic growth borrowed from industrial capitalist countries. The priority in the development plans was not given to the development of a socially just society as a whole, rather the emphasis was put on capital-intensive developments, measured in terms of increases in the GNP. The top-heavy educational system fitted very well into the manpower needs of such developments. The masses, in the eyes of the planners, did not have much to contribute to the social construction of their own society, except as an entity to be used and exploited in the capitalist productive system. Their education should be designed, therefore, to meet only those needs. The models of economic development adopted brought Pakistan and its elites much closer to the global system of capitalism, but further impoverished its common masses and deprived them of realizing their dream of an equitable and just society. Devoid of any indigenously created industrial base, Pakistan has become a permanent market for importing machinery, technologies and even spare parts. Its industrial sector, mainly involved in the production of consumer goods, has imported more materials — some raw, others in the form of manufactured chemicals — rather than use the inputs produced at home. Its scientific and technical education has provided trained manpower for both the native bourgeoisie and the multinational companies. No immediate gains could have been made from mass education. On the contrary, a socially conscious, literate population would like to see certain basic changes in the social structure, and would become a threatening prospect for those who prefer to maintain the status quo through continuation of the existing social relations of production. Secondly, universal education would mean a loss of the cheap child-labour at present available both to agriculturalists and industrialists. A recent estimate of workers under 14 years of age suggests that there may be 3 to 3.5 million children at work; 57% of them are engaged in agriculture, 13% in manufacturing and processing services, and another 20% in household work, while thousands more work in unregulated jobs, such as

construction work.²²

Although the major focus of my analysis here has been on the expansion of primary education, my concern extends beyond formal education *per se*. I view education in Paulo Freire's terms as a process of development of 'conscientization' (*conscientização*), that is, learning to perceive social, political and economic contradictions, and to take action against the oppressive elements of reality. It is a process which allows the learner to liberate himself from his subordinate position as a 'student', and hence from the existing social and economic pressures of others. This is achieved through a dialogue between teacher and learner, a dialogue which will eventually extend to the oppressor, liberating him, too, from the need to oppress, even as it frees the oppressed from his oppression.²³ Universal primary education *per se* will not socially liberate individuals, but before any revolutionary change takes place, the expansion of primary education must have some liberating function. Universal primary education, in my view, by broadening the base of the literate population, will increase the number of people able to learn to perceive social, political and economic contradictions, and ready to take action against the oppressive elements of reality. It will also liberate the child population from the drudgery of child labour at an early age.

The role that Pakistan's planners and administrators have assigned to education can at best be labelled as a manpower or 'human-resource-capital' approach to development, in which education is made subservient to the feudal-capitalist structures. The liberating function of education has remained only part of the ideology. The professed goals of education, such as development of the full physical and intellectual capacities of the people, to make them autonomous, free, self-reliant entities, and to help them to earn their livelihood with dignity, have never become fully part of the educational strategies. Passive educational strategies have been instrumental in maintaining the status quo, producing and reproducing the already existing structures of inequalities. They were not aimed at creating social awareness among the people, and an understanding of how they themselves have become accomplices in their own oppression. Education, instead, as part of the feudal-capitalist ideological apparatus, facilitated the belief of the masses in their own inferiority. The ideology of Islamic brotherhood, as part of the curriculum, was used to legitimize the exploitative relationships of the feudal-capitalist mode of production. It should be emphasized that unless educational plans and strategies are based on an historical analysis of objective conditions, dominant interests and supporting social ideologies, imbalanced and distorted developments cannot be averted.

Notes

1. The historical materialist perspective views social reality in terms of the ensemble of relationships between people, and which they continually

either reproduce or modify with each other and with their non-human environment. Mankind's relations with what it produces, including material objects, techniques, institutions and ideologies, are the central problematic of human life. The specific economic form of human relations, that is the relationship of the owners of production to the direct producers and their surplus labour, provides the basis for the entire social construction of human society. See D.W. Livingstone, 'The capitalist world economy and the limits to educational reform', Canadian and International Education, 8, 1 (1979) p.6.

2. Rodney Asberg, Primary Education and National Development (Stockholm: Almqvist and Wiksell, 1973) p.111.
3. In 1951, more than 63% of the country's imports were consumer goods; with the import-substitution policy (1959-60) Pakistan spent 70.3 crores of rupees on imports of machinery and vehicles. For more detail see Mustafa Sami, Pakistan: A Study in Underdevelopment (Lahore: South Asian Institute, University of the Punjab, Research Monograph Series No.7) p.24.
4. Izzat Majeed, 'Pakistan economy and the West's new strategy', Viewpoint, Lahore, V, 31 (9 March 1980) p.9.
5. Barbara Ward, J.D. Runnalls, and Lenore D'Anjan, The Widening Gap (New York, Columbia University Press, 1971) p.130.
6. Ibid., p.131.
7. Ibid., p.132.
8. Hamza Alavi, 'The state in post-colonial societies: Pakistan and Bangladesh', New Left Review, 74 (July-August, 1972) pp.72-6.
9. Martin Carnoy, Education as Cultural Imperialism (New York, David McKay Company Inc., 1974) p.16.
10. Adam Curle, Planning for Education in Pakistan (Cambridge, Mass., Harvard University Press, 1966) p.68.
11. Ishtiaq Hussain Qureshi, Education In Pakistan (Karachi, M'AREF Ltd., 1975) pp.151-2.
12. Curle, op. cit., p.129.
13. The Planning Commission, Government of Pakistan, The First Five Year Plan (Karachi, 1957) p.590, cited in Curle, op. cit., p.52.
14. Curle, op. cit., p.54.
15. The Commission on Planning, Government of Pakistan, The Second Five Year Plan 1960-65, (Karachi, Nov. 1961) p.353, cited in Curle, op. cit., p.57.
16. Qureshi, op. cit., pp.221-2.
17. Planning Division President's Secretariat, Government of Pakistan, 'Planning for children and youth in national development: the Pakistan experience', paper presented to Asian Conference on Children and Youth in National Planning and Development (Bangkok, Sept. 13-24, 1965) p.31.
18. The Planning Commission, Government of Pakistan, The Fifth Five-Year Plan, June 1978, p.147.
19. Ibid., pp.148-53.
20. The Planning Commission, Government of Pakistan, The Second Five Year Plan, 1960-65, June 1960, pp.346-8; see also Pakistan Economic Survey 1978-79, (Islamabad: Government of Pakistan, Finance Divi-

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14. Science and Engineering Education

Anis Alam

Historically, almost all present Third World countries have been colonies of some imperialist power. Those not directly under colonial rule were under the indirect economic and political dominance of the imperialist countries. Since the Second World War, struggles for national independence have led to the emergence of independent nations throughout Asia, Africa, Latin America and Oceania. But long colonial rule distorted the self-sufficient agrarian economies of these countries and turned them into producers of agricultural and mineral raw materials for Europe and North America. Since independence, people in the Third World have faced almost insurmountable problems of hunger, disease, illiteracy, poverty, homelessness and unemployment. Many governments in Third World countries have sought solutions to these problems in the increasing use and application of science and technology. They have tried to develop science and technology by expanding expenditure on education in general, and on science and engineering education in particular. During the ten-year period 1965–75, education expenditure in the Third World rose from U.S. \$8 billion to U.S. \$36.3 billion. The number of students enrolled at secondary and tertiary levels increased at the rate of 6.6% and 8.8%, respectively, during the same period.¹ As a result, Third World countries have been able to create a sizeable reserve of scientific and technological personnel. Some, notably India, Mexico, Argentina, Brazil, Egypt and the Philippines, have been able to create sophisticated technology based industries. As a result of the increasing role of technological inputs in the production process the financial burden on the Third World has reached alarming proportions. At the end of the 1960s, payments by Third World countries for the importation of technology, (including non-patented equipment) the transfer of profits from direct foreign investments, and service payments on foreign public debts, exceeded U.S. \$26,000 million a year. By conservative estimates, this gross outflow will reach almost U.S. \$40,000 million by 1980.²

Provision for Science and Engineering Education

In 1976, there were over 100 scientific institutions in Pakistan conducting

research into branches of science and technology ranging from elementary particle physics to livestock and fisheries. In addition, Pakistan is one of the very few developing countries operating a nuclear reactor to generate power, and sustaining a space research programme. Pakistan also has a significant sector of production and service industries based on sophisticated science and technology.

The Pakistani education system has been continuously expanded to meet the needs of this sector. In 1975, there were 170, 227, and 10 institutions imparting science education at the secondary, degree and post-graduate levels respectively. Between 1960 and 1971, this system produced over 38,000 Bachelors of Science, over 12,500 Masters of Science in various branches of the discipline and over 7,900 engineers (see Table 14.1). During the same period, over 100,000 students completed 12 years of schooling with science as their major interest. Over a million boys and girls also successfully completed ten years of schooling with science as their major interest. By 1971-72, over 11,900 students were enrolled in various polytechnics, while the number of students in the industrial and vocational schools exceeded 7,000.³ National expenditure on technical and professional education also showed a steady increase, from 5.3 million rupees (10 rupees = 1 U.S. \$ approx.), in 1960-61, to over 152 million rupees in 1973-74, an increase of about 30 times in less than 13 years. Clearly the education system in Pakistan has grown enormously since Independence in 1947.

Table 14.1

(a) Graduates of Post-Secondary Schools in Pakistan, 1960-80

<i>Period</i>	<i>Degrees: All Subjects</i>	<i>Masters</i>	<i>MBBS (Physicians)</i>
1960-65	61,241	12,579	2,961
1965-70	125,550	31,443	3,538
1970-75	171,395	37,416	4,635
1975-80	162,677	36,643	5,560

Source: Pakistan Economic Survey 1978-79, Islamabad: Government of Pakistan, Finance Division, 1980, p.198.

(b) Science and Engineering Degrees in Pakistan 1960-71

	<i>B.Sc.</i>	<i>M.Sc.</i>	<i>Engineering</i>
Total	38,000	12,500	7,900
% of post-secondary degrees	13.4	20.4	12.9

Source: Table 14.1a and Pakistan Educational Statistics, 1947-48 to 1972-73, Bureau of Educational Planning and Management and Central Bureau of Education, Ministry of Education, Government of Pakistan, Islamabad, n.d.

Quaid-e-Azam Muhammad Ali Jinnah, the first Governor-General of independent Pakistan, declared in his message to the First Pakistan Education Conference in November 1947, that,

The importance of education and the right type of education cannot be over-emphasised. Under foreign rule for over a century sufficient attention has not been paid to the education of our people, and if we were to make a real, speedy, and substantial progress, we must earnestly tackle this question, and bring our educational policy and programme on the lines suited to the genius of our people, consonant with our history and culture, having regard for the modern conditions and vast developments that have taken place all over the world – there is immediate and urgent need for giving scientific and technical education to our people in order to build up our economic life and to see that our people take to science, commerce, trade and particularly well planned industries.⁴

This Conference, though it was attended by the leading educationalists of the country, had little to say about science and engineering education. Instead, it resolved unanimously that 'the educational system in Pakistan should be inspired by Islamic ideology, emphasising among many characteristics, those of universal brotherhood, tolerance and justice'.⁵ Writing many years later, one of the participants, I. H. Qureshi, believed that 'the discussions, and, therefore, the resolutions of the Conference did not betray even a ray of originality'.⁶ As a result, the education system of the colonial era with its underlying philosophy, organization, and content remained unchallenged.

The first serious attempt to devise an educational system appropriate to an independent country was made during the latter half of the 1950s, when the Government of Pakistan asked its Planning Commission to prepare an initial Five-Year Plan. The Commission invited a number of experts to submit papers on various aspects of education. These papers were written over a number of years, and in 1961, finally published as a collection entitled *Some Educational Problems*. As one contributor, H.H. Bilgrami, recalled, 'Pakistan found herself the inheritor of a system of education which was founded by a foreign government with... objectives totally different from those of an independent state'.⁷ The longest paper submitted to the Planning Commission was that of one of its consultants, Frederick T. Wilhelm. He proposed 'the improvement of mathematics and science'.⁸ Beyond this, virtually nothing was said about education in science and engineering in the First Five-Year Plan.

Following the military coup of October 1958, parliament was dissolved and the civilian government dismissed, ushering in a decade of military rule. One of the first acts of this government was to appoint a Commission on National Education, which, in the second half of 1959, reported that science and engineering education had been virtually neglected, and that,

engineering colleges were not properly geared to produce men of vision and leadership, with determination to grapple with local problems and materials and with a broad training in modern engineering and technology.⁹

The Commission also observed that,

There is one way and one way only for the country to generate wealth and become economically viable . . . by tapping as yet unknown and unexploited wealth in our soil, our water and product of our land, and by discovering and developing processes for utilising these resources to the full . . . it will be necessary for the Pakistani scientists to develop technologies to exploit the power and wealth of these agencies. The work of locating, exploiting and processing of our natural wealth are engineering functions and our success in achieving self-sufficiency will be largely a measure of our success in developing an engineering education which meets this challenge.¹⁰

The Commission laid down the following objectives for future engineering education:

1. to give students competence in applying principles of mathematics and the physical sciences to the solution of problems related to the control of the forces of nature and the use of natural resources;
2. to inspire students with a determination to use local raw materials whenever possible in the replacement of imported materials, and to develop techniques appropriate to the national labour surplus;
3. to educate students in a sympathetic understanding of economic and social conditions;
4. to develop in students a creative and imaginative approach to their chosen profession, a strong professional consciousness, a strong sense of personal honour, integrity, and qualities of community leadership.¹¹

To achieve these objectives, the Commission noted, 'our educators will have the additional task of adapting their teaching to the nation's circumstances and producing graduates who can not only think creatively and dynamically, but also operate in terms of our own material problems, processes and manpower'.¹²

The introduction of new courses in mining, chemical engineering, metallurgy, ceramics and petroleum engineering was recommended, in addition to the civil, mechanical and electrical engineering courses already being taught in engineering colleges; also that practical training should be conducted in the field and in industry, that courses in humanities and social studies should be made available, that the examination system should be reorganized, that colleges should be made autonomous, and that the engineering education system should be further expanded.

As a result of these recommendations, science and engineering education were greatly expanded during the Second Plan, 1960-65. Two engineering

colleges were converted into engineering and technological universities, three new engineering colleges and 11 new polytechnics/technical institutes were established; and a number of new technologies were introduced.¹³ The annual intake of students in engineering increased to 1,630 in what was then West Pakistan. Student numbers at intermediate or higher secondary school level majoring in science increased from 4,493 in 1960, to just over 7,000 in 1965, while those of graduates at degree level in various fields of science rose from 1,825 to 3,827. The number of science graduates at the Master's degree level rose even more spectacularly, from 340 in 1960 to 1,113 in 1965.¹⁴

Encouraged by the success of the Second Plan, the government of Ayub Khan embarked on an even more ambitious development strategy during 1965–70, which emphasized 'broadening the base of scientific education' and an expansion in the 'teaching of science and technology'.¹⁵

Accordingly, in the Third Plan period (1965–70), ambitious targets were set for annual admissions to polytechnics, engineering colleges and universities. The Third Plan also envisaged the opening of two new engineering colleges, two general universities, and ten new degree colleges, exclusively for science education.¹⁶ Most of these measures were implemented.

In March 1970, the new government of Yahya Khan, which had replaced Ayub Khan's government in 1969, announced a New Education Policy (NEP). Among the five major areas of necessary reforms identified by the NEP was the 'reorientation of educational programmes in the light of the economic needs of the society, particularly by shifting the emphasis to scientific, technical and vocational education'.¹⁷

The NEP found, particularly in colleges, that there was a serious imbalance, between enrolment in the arts and in scientific and professional courses. It, therefore, proposed to secure a 50:50 enrolment ratio between arts and science courses in the general arts colleges and universities.¹⁸ Similar shifts towards scientific, technical, and vocational education were proposed at secondary education level.¹⁹ The NEP also noted that,

Teaching of science and mathematics, which should form an essential part of all forms of secondary education, should be improved through necessary changes in curricula, adequate laboratories and improving teachers' competence. For a general improvement of the teaching of science and technical subjects, the mass-communication media, particularly television and radio, should be effectively utilised.²⁰

In 1972, the government of Yahya Khan was replaced by the civilian government of Zulfikar Ali Bhutto. The new government introduced a number of reforms in various sectors including education. The previous government's education policy was replaced, though the new policy retained most of the science and engineering education programmes of the 1970 policy. This programme was implemented over the next five years.

During the period 1972–76, four new, general universities were esta-

blished, raising the total to 12. 'Centres of Excellence' in five scientific disciplines were established at different universities.²¹ In 1976, over 27,000 students were enrolled at the 12 universities, over 6,000 of whom were accounted for by the engineering and agricultural universities. The affiliated colleges had an enrolment of over 84,000.²²

Foreign assistance played a large part in the creation of these new institutes, departments and programmes, as well as in the training of manpower for the universities. Assistance programmes in science and engineering education were of four main types: 1) technical assistance programmes of international organizations (UNESCO, IAEA, etc); 2) project-linked training programmes (e.g. the UN Special Fund); 3) training facilities offered by Commonwealth countries under the Colombo Plan and under the Commonwealth Scholarship Scheme; 4) scholarships and fellowships offered by foreign governments under bilateral pacts for cultural cooperation. The most important of these have been run by the British Council and the United States Agency for International Aid (USAID).

The agricultural university at Faisalabad received assistance in personnel, equipment and training from the USAID. The Ford Foundation and the UNDP helped with grants in the establishment and running of the Federal University of Islamabad. The US National Science Foundation gave direct research grants to Pakistani researchers at the university and other research establishments. In 1978 alone, the US Department of Agriculture and the US Environment Protection Agency gave grants for 21 research projects at Karachi University.²³

Technological Change and Advanced Research

Beginning with little manufacturing industry in the 1950s, Pakistan's industrial strategy primarily followed an import-substitution model. As almost all industrial machinery was imported, the country's requirements in terms of scientific and technical manpower were limited to supervisory and maintenance personnel. The same type of manpower was also required for the absorption of technical innovations in telecommunications, in rail and road transport, in the construction of dams, canals and power-houses, and in mineral and fuel prospecting and extraction. Technological change in the production and service industries was brought about through wholesale technological transfers from abroad.

By 1959, this stage of Pakistan's industrialization had been superseded by a phase based primarily on export-oriented growth and financed through large doses of foreign aid. In 1959, Pakistan had few chemical or engineering industries. Most existing industrial units were for the manufacture of cotton or jute products. During the sixties, however, Pakistan created major chemical, pharmaceutical, and light and heavy engineering industries. The role to be played by Pakistani scientists and engineers in this phase was analysed by the Commission on National Education in 1959, whose findings and recommenda-

tions determined the course of science and engineering education for the next decade. The theory underlying these recommendations appeared to be that Pakistan's economy would very quickly pass into the age of science and technology; and that scientific and technical education was not only a requirement but also a stimulant of technological change. Proponents of this view were found mostly among the scientists and bureaucrats employed by the government. Most prominent among them was I.H. Usmani, who, as chairman of the Pakistan Atomic Energy Commission (PAEC), was instrumental in establishing an ambitious atomic energy programme from scratch.²⁴

Our first task [he observed in 1966] should be to absorb as much as we can from contemporary scientific literature and then to apply the knowledge so acquired to solve our problems of poverty, hunger, and disease. To this end we must establish Centres of Excellence, second to none in standards of equipment and other facilities.²⁵

Another advocate of a similar viewpoint is the eminent theoretical physicist, Abdus Salam, who, over the years has campaigned for increased government expenditure on scientific research and education in Pakistan. In 1970, he wrote that:

Pakistan government and industry must commit themselves to increasing their spending on science in universities, in agriculture, medicine, water development, and manufacturing to something like one percent of GNP, if the country desires to transform itself into a technologically modern one.²⁶

Successive governments have increased public expenditure on science and engineering education and research. The Federal University of Islamabad and the Karachi University have created science departments with sophisticated research facilities. The Pakistan Atomic Energy Commission (PAEC) has established an expensive Institute of Nuclear Science and Technology near Islamabad, which offers post-graduate courses in nuclear engineering and laser technology in collaboration with the University of Islamabad. PAEC also runs a 170 MW nuclear electricity generating plant near Karachi, and has a number of ambitious nuclear engineering projects in various stages of completion. Mahbub-ul-Haq, Chief of the Pakistan Planning Commission during the 1960s, has been critical of this trend. In 1966 he observed that 'there has been a craze for imparting the latest and the "best" education to students, irrespective of the demands of the economic system'.²⁷

However, hardly any demand exists within the country for the highly qualified personnel which the science and engineering education system in Pakistan has continued to produce. Most of them end by accepting jobs unrelated to their training. A large number migrate to the industrial countries of Western Europe and North America, where they are employed more appropriately, albeit cheaply.²⁸

Pakistan has also established fairly advanced petrochemical, chemical and engineering industries. Completion of the two largest earth-filled dams and extension of the largest irrigation canal system in the world also took place during the Second and Third Plan period. But few, if any, highly trained Pakistani scientists and engineers worked on these projects. Their maintenance today is done on a 'turn-key' basis. The involvement of most Pakistanis with these projects is mainly as consumers.

Besides the technological changes brought about in the industrial sector, agricultural production methods underwent radical changes as a result of the introduction of high-yielding varieties of wheat, rice and maize. These need large quantities of water, fertilizers, pesticides, insecticides and agricultural machinery, all of which are imported in huge quantities. The impact of this technological change upon agricultural practices in rural areas has been considerable. The way was paved for the introduction of new agricultural practices by expanding the education and training of personnel in agriculture and related fields. During the Second Plan period (1960-65), two new agricultural universities were established and teaching facilities were improved at three other agricultural colleges. As a result, admission to agricultural courses increased from approximately 400 in 1960-61 to over 800 in 1964-65. During the same period, 1,500 agricultural experts graduated from the various colleges and universities. The trend continued in the Third Plan period (1965-70). Enrolments at agricultural universities almost doubled in three years from around 2,000 in 1964-65 to just over 4,000 in 1967-68.²⁹ The Agricultural University at Faisalabad played a significant part in developing the high-yielding varieties of wheat and rice for introduction in Pakistan. It also trained and educated a large number of agricultural specialists who helped to popularise the new capital-intensive science and technology-based agricultural practices.

Huge investment by government, big landowners and rich peasants, in agricultural machinery, electricity and oil-driven tubewells, fertilizers, pesticides and insecticides has led to the development of chemical and engineering industries to meet the demands of mechanized agriculture. The science and engineering education system has tried to produce the necessary manpower; but, as in other fields, since the science and technology for this change was itself imported from outside, and was not an indigenous creation, the demand for locally trained manpower has been minimal.

How can we understand the contradictions exposed by the expansion of higher education in general and of science and engineering education in particular while the domestic demand for qualified personnel seems to be minimal? To find an answer, an analysis of the nature of science and technology in the Third World is necessary. The subject has been studied extensively in recent years, notably by Latin American scholars.³⁰ A researcher with wide experience of science and technology in the Third World, C. Cooper, has noted that 'scientific communities emerge and grow as a result of the desires of the educated class to acquire scientific knowledge to rise along the social and economic scale. Science in developing countries becomes largely a

"consumption item".³¹ Cooper's assertion is relevant to Pakistan, as is clearly shown by the expansion of science and engineering education and the increasing expenditure involved.

Over the years foreign students have come to play a very significant role in scientific research and development in the advanced industrialized countries. Science and engineering education policies pursued in the Third World countries have made their science and education systems complementary to those of industrialized societies; those with the best brains are selected for further training in advanced industrialized countries. In 1975, there were over half a million foreign students enrolled in tertiary education in the Western industrialized world. Many of these students were from the Third World and were enrolled in North American and Western European countries.³² Third World students are well able to fit into the science and engineering systems in the industrialized societies, and Pakistan has been no exception. As a result science and engineering education in Pakistan has become a net supplier of immigrant scientists, engineers, and physicians to North America and Western Europe; a net consumer of scientific literature, apparatus and technology from advanced industrialized countries; and a net supplier of research students to the universities, colleges and polytechnics/technical institutes in those countries.

Prospects and Policies for the Future

In the 30 years since independence, every successive government of Pakistan has committed itself to solving the country's pressing problems by the application of science and technology. After 30 years, it is now pertinent to ask if the high hopes pinned on the beneficial impact of science and technology were justified.

The educational policies pursued in Pakistan, at great cost to the common people, have brought them little relief. The rate of literacy has declined since independence. Problems of health, shelter, unemployment and underemployment remain largely unsolved. The general standard of living has not risen to an acceptable level, and in fact has definitely deteriorated for the lowest strata of society. Yet we cannot say without qualification that Pakistan's educational policies have been a total failure, for they have greatly benefited the coalition of propertied classes which has ruled the country since independence.

The first phase of commercial and industrial policies, complemented by the continuation of colonial education systems, resulted in strengthening the Pakistani mercantile, financial and industrial capitalist class, and continued to safeguard metropolitan interests (the British now being joined by the US and other industrial powers) and the interests of the landowning class. By the middle of the 1960s, science and education policies had begun to produce qualified personnel, who then migrated in large numbers to run the health services, industries and other services in the capitalist countries of Western

Europe and North America. Pakistan's system of higher education also provided the scientists, engineers and managers of those multinational companies working in Pakistan that produced a congenial climate for the penetration into the country of capital from foreign governments, international agencies and multinational banks. Finally, the expansion of science and engineering education facilitated the penetration of Western industrial culture and values. Whatever benefits have accrued through these developments to the great mass of the people have been accidental rather than intentional.

Pakistan and other Third World countries are rich in food products and industrial raw materials. But most of these products, particularly raw materials, are not consumed or processed inside these countries, but exported to industrialized countries. In the early 1970s, raw materials accounted for 75% of total Third World exports. At the same time, roughly 70% of their total imports consisted of manufactured goods, chiefly machinery and other equipment.³³ This picture has not changed greatly in 30 years. Even after decades of independence, most Third World economies still depend on one or two agricultural or mineral products. Their problems are compounded by the fact that since 1955, the terms of world trade between raw materials and finished goods have been constantly unfavourable to the former.³⁴ In the early 1970s, the trade terms started to improve for the Third World,³⁵ but signs of deterioration have reappeared. It is, therefore, essential that Third World countries should make a beginning towards self-sufficiency in processing their own raw materials, and in radically diversifying their patterns of consumption. For this they must develop an indigenous scientific and technological capacity.

In Pakistan's case, several recommendations can be considered:

- 1) A determined effort to separate its educational system from those of the industrialized countries. This may be achieved by the integration of science and engineering education with current production methods. Science and engineering knowledge should be seen to emerge from common daily practices, by ordinary people, not from brilliant scholars working in expensive and inaccessible ivory towers. Emphasis must be shifted away from higher education to the middle and primary level, and to basic adult education. English, as a medium of instruction, should be phased out and replaced by the mother tongue. In short, science should be demystified. In this respect, recent trends of introducing integrated science courses in place of separate scientific disciplines should be encouraged.

- 2) In parallel with this process, countries which receive and make use of immigrant scientific manpower from the Third World should consider this migrant labour as part of their return on foreign aid, and compensate the Third World countries for the loss of qualified manpower, once some rationale has been attained between qualified personnel and the need for their expertise in the country of their origin.

- 3) Donor agencies should be made aware that to introduce scientific and engineering practices relevant to capital-rich, labour-scarce societies into capital-scarce, labour-abundant Third World countries, is inappropriate. Agricultural

research should be directed to the development of biological rather than chemical fertilizers. Corresponding reforms in science education are also necessary.

4) It must be recognized that the nature of science and engineering in any society depends to a great extent on the historical nature of production practices and relations, and on the existing social, economic and cultural superstructure. Consequently, education in general, and science and engineering education in particular, bear a strong imprint of the societies in which they originate. UN agencies should, therefore carefully consider the objectives of economic development in recipient countries when making their recommendations for the encouragement of different kinds of science and engineering education.

5) UNESCO agencies, such as the International Institute for Educational Planning, should commission studies of the development of science and engineering education in newly independent Third World countries such as Guinea-Bissau, Vietnam, Mozambique, Angola and Nicaragua, which have consciously tried to evolve new social systems. The findings of such studies should be helpful for countries like Pakistan which have fallen into a rut in the development of appropriate and relevant educational systems.

Notes

1. UNESCO, *Statistical Year Book*, 1977.
2. G.E. Skorov, 'The scientific and technological revolution and the developing countries', in G.E. Skorov (ed.), *Science, Technology and Economic Growth in Developing Countries* (New York, Pergamon Press, 1978), pp.10-11.
3. *Pakistan Educational Statistics, 1947-48 to 1972-73*, Bureau of Educational Planning and Management and Central Bureau of Education, Ministry of Education, Government of Pakistan, Islamabad, n.d.
4. Muhammad Ali Jinnah, message to the First Pakistan Education Conference held in Karachi, December 1947, quoted in H.H. Bilgrami, paper for Planning Commission, Government of Pakistan, Nov. 1955, published by Planning Commission, Government of Pakistan, 1961.
5. *Proceedings of First Pakistan Educational Conference*, 1947, p.5, quoted in Bilgrami, op. cit., p.20.
6. I. H. Qureshi, *Education in Pakistan*, (Karachi, Ma'aref Ltd., 1975).
7. Bilgrami, op. cit., p. 34.
8. Frederick T. Wilhelm, 'Some Personal Views - Education in Pakistan', in *Some Educational Problems*, Planning Commission, Government of Pakistan (Dacca, Government of Pakistan Press, 1961), p.15.
9. *Report of The National Commission on National Education*, Ministry of Education, Government of Pakistan, Karachi, Jan.-Aug. 1959, p.63.
10. Ibid., p.75.
11. Ibid.
12. Ibid., p.64.

13. *Final Evaluation of the Second Five Year Plan (1960-65)*, Planning Commission, Government of Pakistan, Dec. 1966, p.110.
14. *Pakistan Educational Statistics*, op. cit., Tables 47, 60, 61.
15. *Third Five-Year Plan*, Government of Pakistan, Planning Commission, June 1965, pp.213-14.
16. *Strategy of the Third Plan*, op. cit., pp.227-8.
17. *The New Education Policy of the Government of Pakistan*, Ministry of Education and Scientific Research, Government of Pakistan (Islamabad, March 1970), p.1.
18. *Ibid.*, p.7.
19. *Ibid.*, p.6.
20. *Ibid.*, p.6.
21. *Draft Fifth Five Year Plan 1976-81 (first version)* (Planning Commission, Government of Pakistan, Jan. 1976), Vol. II, Ch. 20, pp.2-3.
22. *Universities of Pakistan Year Book 1976*, Islamabad, University Grants Commission, 1976.
23. Faculty of Science, *Silver Jubilee Brochure*, Karachi, University of Karachi, 1978.
24. By 1967, PAEC had over 440 highly qualified scientists and engineers, and had established seven Atomic Energy Medical Centres, three Atomic Energy Agricultural Research Centres, two Atomic Energy Centres, a Directorate of Nuclear Minerals, an Institute of Nuclear Science and Technology and two nuclear power projects. Since then its programme has become even more extensive and ambitious.
25. I.H. Usmani, *Science and Education*, address delivered at the Orientation Seminar in Chemistry organized by the Punjab University at Lahore on 31 August 1966, p.10.
26. Abdus Salam, *Towards a Scientific Research and Development Policy for Pakistan* (Karachi, National Science Council, Dec. 1970), p.12.
27. Mahbub-ul-Haq, 'Wasted investment in scientific research', in W. Morehouse (ed.), op. cit., p.127.
28. According to a study for the National Commission on Manpower and Education, Planning Commission, Government of Pakistan, entitled 'Manpower and Educational Requirements of Pakistan, 1960-90', by Kaare Rudd.
29. *Pakistan Educational Statistics*, op. cit., Tables 60, 61.
30. A Herrera, 'Social Determinants of Science Policy in Latin America', in C. Cooper (ed.), *Science, Technology and Development* (London, Frank Cass, 1973). A. Alam, 'Science and imperialism', *Race and Class*, XIX, (Winter 1978). E. Fuenzalida, 'Scientific Research and Underdevelopment', IDS, University of Sussex, December 1976 (reprint). J.L. Lopes, 'Developing countries and dependent science', *Impact of Science on Society*, 27, 3 (July - Sept. 1977). F.R. Sagasti, 'Underdevelopment, Science and Technology: the point of view of the underdeveloped countries', *Science Studies*, 3 (1973), pp. 47-59.
31. C. Cooper, 'Science, technology and production in the underdeveloped countries: an introduction', in Cooper (ed.), op. cit., p.5.
32. According to the *UNESCO Statistical Year Book*, 1977, there were 835,245 foreign students at tertiary level, in 1975, in the world. Of these 417,485 were enrolled in the USA, UK, France, Canada and

Federal Republic of Germany. Of all the foreign students 78% or 651,714 came from the Third World.

33. I.A. Egorov, T.G. Kaluzhskaya et al., 'The impact of the scientific and technological revolution on developing countries', in G.E. Skorov (ed.), op. cit., Table 2.2, p.63.
34. Ibid., Table 2.9, p.75.
35. Ibid., Table 2.10, p.75.

15. The Resurgence of Islam: Islamic Ideology and Encounters with Imperialism

Hassan N. Gardezi

In recent years, a new phrase, the resurgence of Islam, has entered the currency of journalistic jargon, international diplomatic parlance and academic discourse. Although the term 'resurgence' has not yet acquired a precise definition, its use in the context of developments in predominantly Muslim countries has coincided with events such as: a) greater control by the Middle Eastern states over their oil revenues, and the formation of OPEC; b) overthrow of the Shah of Iran, and control of the Iranian revolution by the Shia Muslim clergy; c) Soviet intervention in Afghanistan, following the overthrow of the Daoud regime and a large-scale exodus of Afghan refugees into Pakistan; d) Pakistan military regime's claims of introducing Islamic order, *Nizam-e-Islam*, in the country.

Significantly, these developments have corresponded with a special awareness in the West of the sensitivities of believers in Islam. Never before since the ascent of Pax Britannica has a British Foreign Secretary rushed his country's apologies to an Arab monarchy, as did Lord Carrington for a film produced in England on the fate of an allegedly adulterous woman under Saudi Islamic Law.¹ Neither did a U.S. President ever before acknowledge a Muslim festival such as *Eid-al-Fitr* to the extent of making it an occasion for sending felicitations to a group of Muslim refugees, as did President Reagan in a message to Afghans camped in Pakistan.²

Does all this mean that during the final decades of the 20th Century we are witnessing a new awakening to the truth of Islamic belief system and its moral and ethical axioms? Or does it mean that the community of believers in Islam, the *ummah*, has broken through a state of socio-economic decline and powerlessness? Much has been written on the Islamic belief system and its moral and ethical axioms such as justice, equality, tolerance, free will, etc. by scholars of the Quran and Sunna, the tradition of the Prophet and his companions.³ It is not necessary to elaborate on these themes here.

It is also not yet clear whether the Muslim masses in such countries as Pakistan and Iran are experiencing a new awakening of moral consciousness within the framework of Islamic morality. If such a phenomenon has surfaced, it certainly does not appear to be based on autonomous and natural experience, given the legislation of harsh punishments in Pakistan and the almost daily executions in Iran. It should be noted, however, that the belief

and ethical system of Islam has, in the past, lent itself to liberal, progressive, revolutionary interpretations, as well as fundamentalist, orthodox and reactionary formulations. Periodically, these two sets of interpretations have been put forward by Muslim thinkers and political leaders as ideological guidelines for courses of action leading to the recovery of the community of believers from its state of socio-economic decline.⁴ The first set of interpretations emphasizes, in varying degrees, reconstruction, renovation, *tajdid*, and adaptation. The second approach emphasizes conformity, authoritarian guidance and return to the legacy of proto-Islam.

The Approach

This chapter is concerned with the question of a resurgence of Islam primarily in the historical framework of developments in the international stratification of economic and political power. The ideological and structural changes within individual Muslim countries, it is proposed, can be understood as adaptive responses to emergent political and economic relations of dominance and control.

The phrase, resurgence of Islam, implies the existence of an antecedent state of torpor or decay from which Islam is supposedly arising to new life. Therefore, it is pertinent to ask what that antecedent state was, and how it has been changing? To answer this, it is first necessary to establish a starting point in time, for obviously, Islam was not always in a state of decay. Additionally it is necessary to begin with a spatial focus, otherwise the problems of dealing with a vast region constituting Muslim homelands will be unsurmountable within the scope of a short chapter.

The spatial focus here is on south and south-west Asia, particularly the present State of Pakistan and its geo-political neighbours. A point in time, which can be taken as the beginning of decay in Islam, or for that matter in any institutionalized religion, can be very elusive in the absence of a widespread philosophical and pragmatic value consensus. The next best thing is to use an experiential approach to the problem. Within this approach, and keeping in view the fact that the political map of the contemporary Islamic world is largely a product of the immense role played by European imperialism, it seems appropriate to begin with the years leading to the end of the 19th and the beginning of the 20th Century, when Europe finally established its complete political superiority over the world of Islam and thus posed an unprecedented threat to its cultural traditions and social institutions. There were, no doubt, earlier vicissitudes in the temporal and earthly domain of Islam, but these did not affect directly, and so decisively, the course of its modern history.⁵

The Decline

A brief survey of the political and economic state of the major part of the

Islamic world, beginning with the 19th Century produces the following picture.

In spite of intermittent uprisings and rebellions France was deeply entrenched in Algeria since 1830, Tunisia since 1881, Morocco since 1911, and acquired mandate over Syria and Lebanon from the League of Nations at the conclusion of the First World War. The collapse of the Ottoman Empire in World War I greatly enhanced the imperial fortunes of Great Britain. Having firmly subjugated India, and from there extended its outposts to the Red Sea, Aden and the Persian Gulf, and having occupied Egypt in 1882, Britain then engaged in consolidating its hegemony over the Fertile Crescent, and the rest of the Middle East and Sudan. Equipped with a much greater *finesse* in the conduct of imperial business, Britain mixed direct rule and military control with the provisions of mandates, protectorates and mutual treaties to prop up patriarchal desert knights, kings and kinglets amenable to serving the interests of the Empire. Italy hung on to Libya from 1911, subjecting the population to a most ruthless and degrading policy of pacification.⁶

In the Indian sub-continent, the plight of Muslims was at its lowest ebb at the turn of the century. The final collapse of the Mogul Empire, and its replacement by the British imperial authority brought the downfall of the Muslim privileged classes and the *ulema* who performed important religious, judicial and administrative functions under Mogul courts. The process of land alienation, started by the Permanent Settlement of 1793, brought extreme hardship to Muslim cultivators, particularly in Bengal. The influx of cheap factory goods from England, and preferential tariffs imposed by the imperial government, ruined Muslim artisans. On top of all this, the loss of political power removed the protection under which Islamic institutions had taken root in India. Shah Abd-al-Aziz (1746-1824) of Delhi, son of the famous Muslim social thinker and reformer Shah Wali Allah, described the situation in his city, while it was still the seat of the vestigial Mogul court, in these words:

In this city the Iman-al-Musalmin [the Mogul King] wields no authority. The real power rests with Christian officers. There is no check on them, . . . in administration and justice, in matters of law and order, in the domain of trade, finance and collection of revenues — everywhere the 'Kuffar' [the British] are in power. Yes, there are some rituals, e.g., Friday and Id prayers, . . . But this is of no account. The basic principles of these rituals are of no value to them, for they demolish the mosques without the least hesitation. . . .⁷

Thus, around the turn of the century the masses of Muslims in India truly represented a 'community of woes' with their brethren in belief elsewhere. For most of them, the opportunities or resources to formulate ideological responses and programmes of ameliorative political action did not exist. This became the prerogative of middle and upper class urban intelligentsia who were themselves divided on the basis of their educational and social back-

ground. The hand of British imperialism in forcing this state of affairs was felt by all, but ideological and political responses take different directions depending on the class interests of those literate individuals who speak on behalf of the Muslims.

The Responses

The *ulema*, Muslim clerics, generally turned to fundamentalism and revivalism. They also looked up to surviving Muslim chieftains and monarchs abroad, and to the Ottoman Caliphate as a last hope for the regeneration of Islamic solidarity and political power. The non-Muslim European powers are believed to have been able to subjugate the Islamic countries because of deviations by Muslims from the righteous path of 'pure' Islam, although notions of what constitutes 'pure' Islam vary among different religious *madrasas*, schools, and sects. The puritanical Wahabi movement, that arose under the patronage of the House of Saud in 18th Century Arabia, is one of the first examples of revivalism, ascribing the plight of Muslims to the rise of heretic sects and other innovations.

Revivalism, Modernity and Elitism

This is no place to go into the details of fundamentalist, revivalist movements in Islam, but one feature of these movements is worth noting. The more intense the debate among the *ulema* regarding the causes of the decline of Muslim civilization and its possible remedies, the more they lost touch with the ordinary Muslim pastoralists, peasants and proletarians. This explains the widening cleavage between 'popular Islam, the 'little tradition', and elitist Islam, the city based, highly literate 'great tradition'.⁸ In South Asia, as elsewhere, the former constitutes a folk religion, incorporating local customs, superstitions and rituals, and strongly influenced by Sufi orders who, in India, were largely instrumental in the conversion to Islam of lower caste Hindus.⁹ Thus, the appeal of the fundamentalist Islamic ideologies has remained limited in its popularity. Secondly, the fundamentalist *ulema's* crusade against cultural practices, political ideologies and socio-economic institutional structures of European civilization, has more or less remained a psychological warfare, hypocritical in many ways, and incapable of dealing with the question of imperialist domination from abroad and class oppression from within. This is not to say that there were no prominent *ulema*, within and outside the fundamentalist schools, who did not clearly see class oppression and imperialist domination at the root of the problems besetting the world of Islam. Shah Wali Allah, in his writings, chastised Mogul kings in the 18th Century for the oppression of peasantry, workers and small merchants. Jamal-al-Din Afghani, in the 19th Century, attacked the autocratic rule of the Caliphate for stifling the intellectual progress of Muslims, and incited revolt

against the Shah of Iran for his grant of monopolies to Western capital. Ubayd Allah Sindhi in the early 20th Century began mobilizing educated Indian Muslim youth to fight British imperialism in south-west Asia. These are a few outstanding examples of active resistance against the background of obscurantism and revivalism of the *ulema*.

Other major responses to the decline of Islam in the late 19th and early 20th Century came from the upper classes of Muslims, in the form of modernist ideologies and reform movements. These thinkers and reformists attributed the ascendancy of Europe over the Muslim East to scientific and technological superiority. Thus, in their view, the path to recovery for Muslims lay in acquiring Western scientific and technological knowledge and adapting this to their institutional structures of politics, education and economy. In India, Sir Sayyid Ahmad Khan (1817–98) initiated a movement of cooperation with the British and promotion of Western education among Indian Muslims, which eventually gave rise to the Pakistan Movement. It has been suggested that the tension between revivalism and modernity in South Asian Islam has never been resolved, and it would be hard to deny this observation.¹⁰ However, the rejection of modernism, in so far as the term implies acceptance of the cultural and technological traits of Europe, originates from different ideological perspectives, which have strong political connotations. The tension between revivalism and modernity is nowhere articulated as profoundly as in the thought of Muhammad Iqbal (1876–1938) who is regarded as the national poet of Pakistan. However, the revivalist fervour in Iqbal's rejection of Western rationality, scientism, constitutionalism and nationalism, cannot be understood in isolation from the context of his humanistic philosophy and a deep awareness of the exploitative and ruthless character of imperialism and capitalism. This is in strong contrast with a simplistic and self-righteous condemnation of contemporary European civilization by some Muslim fundamentalists. The revivalist element in Iqbal's thought centres around the concept of Faith or *Deen*, which for him, represents a higher moral order, acting as a check on the destructive and exploitative potential of the artefacts of human intellect, both material and social. One can endlessly illustrate this point from his poetry, but the following couplet from his anthology, *Baang-e-Dra*, sums up the basic idea:

Jalale padshahi ho, Ke jamhori tamasha ho

Juda ho deen siyasat-se to reh jati he Changezi

Whether it is monarchical power or democratic charade

Politics divorced from Faith leaves nothing but Changezism [tyranny and plunder].

One must remember, in this context, that the height of European imperialism was reached after the age of enlightenment had already dawned in the West, and the ideals of social justice and democracy, embodied in the slogans of the French Revolution—liberty, equality, fraternity—had already been instituted. But the Western bourgeois liberal philosophy and morality was

unable to prevent the exploitation of man by man perpetrated by the colonial powers on the masses of colonized peoples. Iqbal explains this, again and again, in terms of the divorce of European creativity in science, technology and social organization from a higher law of social justice and morality embodied in Faith.

That Iqbal was not against modernity as such is evident from his numerous complimentary poems on the Bolshevik revolution — and its leader Lenin — that spelled the doom of an old feudal order; and the dedication of his anthology, *Payam-e-Mashriq* to Aman Allah Khan, the *Amir* of Afghanistan, a modernist ruler whose reforms were sabotaged by an alliance of British imperial interests, tribal chiefs and obscurantist *mullahs*.

Modernization and Imperial Intrigues

In order to understand these contemporary socio-political developments in south and south-west Asia which are being equated with the resurgence of Islam, it will be helpful to focus on some early 20th Century attempts at modernization in Afghanistan, Iran and Turkey, and the reaction of imperialist powers to such efforts. In these three countries two imperialisms, Czarist Russian and British, were for long in contest for supremacy. Their confrontation and intrigues continued throughout the 19th Century, but at the beginning of the 20th Century, popular movements arose aimed at the overthrow of local despotic rulers, as well as imperial domination. In 1906, strikes and riots, with the active participation of Shiah clergy, forced the then Shah of Iran to invoke a national assembly, *majlis*, which drew up a liberal constitution. When his successor, Muhammad Ali, tried to suppress the constitution he was deposed in 1909. But an Anglo-Russian intervention in 1911 restored Muhammad Ali, and the *majlis* was abolished.

In the meantime, the Turkish Empire was disintegrating under the rule of Sultan Abdul Hamid II, a condition which permitted Britain to nibble away large chunks of the Ottoman Empire. This coincided with the first world war, in which Turkey, embittered by British actions, elected to support Germany; the result of this was Russian, British and French declarations of war on Turkey in 1914. The war brought humiliating defeat for Turkey, which produced repercussions throughout the Islamic world, particularly in India, where a strong wave of resentment against British rule surfaced among Muslims, and, with the support of prominent Hindu leaders, took the form of the powerful *Khilafat* movement.¹¹ In Turkey itself, a realization had emerged that equality with the West could not be asserted within the framework of prevailing feudalistic conditions. A revolt against the archaic dynastic rule had already been started in 1908 by the 'Young Turks'. After the 1914–18 war this revolt succeeded with the modernization of Turkish institutions and the deposition of the Sultan by Mustafa Kamal Attaturk.

Afghanistan had yet to assert its independence from imperial intrigues and domination. In 1907, a 'convention relating to Persia, Afghanistan and Tibet'

was signed between Britain and Russia, whereby the Russian government abandoned its claims over Afghanistan and agreed to conduct its relations with that country through British intermediaries.¹² This brought Afghanistan under exclusive British tutelage, which the Afghan *amirs* strongly resented. When Amir Aman Allah ascended the throne in 1919, he proclaimed Afghanistan's sovereignty, and sent his forces to the British-Indian border (now adjoining Pakistan). The Czarist regime having already been toppled in Russia, Aman Allah, at the same time, sent a message to the Soviet Russian government expressing his desire to establish friendly relations. On behalf of the Soviet government Lenin and Kalinin promptly replied, without awaiting the outcome of Anglo-Afghan hostilities, extending their recognition of Afghanistan's independence and desire for friendly relations. These initiatives resulted in the Soviet-Afghan friendship treaty of 1921 which granted Afghanistan free transit of trade goods through Soviet territory, and acknowledged respect for each others' sovereignty. It was this treaty which initiated a long period of Soviet assistance to Afghanistan in economic, technical, educational and military fields.

At the same time, Kabul's *rapprochement* with Moscow, and the temper of the *Khilafat* movement in India, forced the British to abandon a solution to their conflict with Afghanistan in military terms. Instead, they adopted a strategy of fomenting an internal revolt against Aman Allah by inflaming the forces of reaction against his modernization policy. Under this policy, the political privileges and tax concessions of tribal chiefs were abolished and military conscription was introduced; administration of justice was transferred from the hands of clergy to state agencies, and secular civil and criminal codes were introduced; lay schools were established, and provisions were made for the education of women; some women were sent to Turkey for higher education in science and medicine in the modern institutions established by Attaturk's government; attempts were made to abolish *purdah*, the use of the veil by women. Aman Allah himself took an observation and diplomatic tour of Europe and the U.S.S.R.

All these, and other, admittedly drastic reforms for a tribal and feudal society, provided the pretext for a reactionary campaign against the regime, in many ways similar to the present day campaign against the Marxist government and its reforms. The slogan of preservation of Islam from 'godless Communists' voiced by British Prime Minister, Margaret Thatcher, while orating to the Afghan refugees in Pakistan on 8 October 1981,¹³ has indeed, a long history. Aided and abetted by British agents, a tribal revolt was staged in 1924 in defense of Islam against the alleged heresies of Aman Allah. This revolt was suppressed, and some concessions were made to the *mullahs* by partially restoring their judicial functions, and closing girls' schools. A much greater revolt broke out in 1928, when Aman Allah returned from his foreign tour and proclaimed a new constitution providing for a parliament and adult franchise. This move is believed to have especially disturbed the British government in India as an improper precedent for their colonial subjects.¹⁴ Various rumours, aimed at depicting Aman Allah as a renegade

Muslim and Communist, were circulated in the British press and in Indian press loyal to the *raj*. Semi-nude pictures of his wife were fabricated and widely distributed.¹⁵ Mullah Shorbazar — as do his descendants today — led the holy crusade. Ironically, when Aman Allah abdicated in 1929, it was no pious Muslim who took his place, but an adventurer, nicknamed *Baccha Saqa*, whose brief rule, before the Afghan monarchy was restored, was one of terror.

Movements of National Independence

The downfall of Aman Allah's government and his reform movement, closes a chapter in the socio-political history of Islam, in as far as it constitutes modalities of attempts to shake off foreign subordination, and material and cultural backwardness during the early 20th Century. The various ideological and practical approaches to the problem failed because of a number of factors. Internal reforms and modernization aimed at meeting the Western challenge on terms of equality faced dual adversaries — the imperial intrigues, and the proponents of backward-looking fundamentalist, revivalist Islam. The latter ideologies could not, in themselves, restore the ability of Muslims to control the development of their own cultural and material conditions, because they lacked a coherent plan of action based on concrete political and economic realities. Turning to decadent dynastic rulers as saviours of Islam at times of crisis was particularly fruitless. Furthermore, both revivalistic and modernistic ideologies and strategies were rooted in the small, urban, relatively affluent and 'cultivated' middle classes, out of touch with the Muslim masses, and with little concern for their interests. As such, their appeals for mass action tended to exploit religious emotions, and their reforms tended to consolidate class privileges, a situation that remains endemic in most of the Islamic world.

The second phase of significant socio-political changes in the Islamic world dates from the 1920s, with uprisings against foreign rule, and an intensification of nationalist movements, led by political parties either with revolutionary manifestos or espoused to constitutional reforms, electoral democracy and social justice. These developments reflect some of the structural changes in the Islamic world that were accelerated during the post-World War I period. For example, changes in agricultural and industrial production led to the emergence of a class of big landowners and a small urban bourgeoisie, as well as an increase in the ranks of the urban petty bourgeoisie and proletariat. The new political parties became rooted in these classes and reflected their militancy and socio-political interests to various degrees. The fundamentalist religious parties began to recede into the background as the new parties became involved in struggles for national independence and/or social reform. Some examples of these parties, which took over the representative political institutions immediately before or after the withdrawal of imperial rule, include the Muslim League of India and Pakistan, *Todeh* of Iran, *Ba 'ath* of Syria and Iraq, *Wafd* of Egypt, *Neo-Destour* of Tunisia and

F.L.N. of Algeria. Their commitments to the ideals of national independence, social justice and cultural preservation varied, as did their strategy of political action, but they all had plans for the establishment of new social and political orders. None had envisaged the establishment of theocratic Islamic states. However, as we shall see, the post-war leadership of these parties, by and large, failed to make a clear break with imperialism, and in many ways led their countries back to the path of integration with the world capitalist/imperialist system.

The Second World War dealt a serious blow to the long range imperial ambitions of the European powers, and facilitated the emergence of the United States as a new superpower. Between 1947–62 the European imperial powers withdrew from direct rule of Muslim countries and began to concede the political and economic independence of those that were under their tutelage and domination. They left behind a large array of systems of government and political control, ranging from revolutionary single party republics to parliamentary democracies and patriarchal monarchies. Above all, in their mandated territory of the Middle East the British left a new state of Israel, whose creation and patronage by the imperial powers was to produce a decisive impact on the life and politics of the Islamic world.

It would be a large undertaking to discuss, in detail, the post-war re-alliances and encounters with imperialism involving all the Islamic countries. The case of Pakistan and its interlinkage with the Middle East, Iran and Turkey, provides one example of how, in spite of the lessons of past history, the ruling classes in the post-colonial states rushed into new client relations with centres of imperial power.

The Case of Pakistan

The Pakistan Movement was led by the Muslim League, which was formed as a political party in 1906 by a group of Muslim *nawabs*, merchants, lawyers and educationists, all of whom were enlightened in the Western sense. Their main concern at the time was that as the British government in India was gradually conceding native self-rule, no constitutional guarantees existed to secure the rights of Muslims, who constituted the largest religious minority. This was considered as particularly serious, because the Muslim masses of India were among the poorest, and resided in the non-industrialized and highly exploited regions of eastern Bengal and the north-western provinces. What was originally a demand for constitutional reforms, took shape in the 1940s as a demand for a separate Muslim homeland when it became evident that the British had no choice but to leave India. It is significant to note, that while the Communist Party of India supported the demand for Pakistan as a separate state on the principle of the rights of self-determination of nationalities, the fundamentalist Islamic parties such as *Jamat-e-Islami*, bitterly opposed it, and declared that the concept of nationhood was alien to Islam, and accused the Muslim League leaders of not being 'true Muslims'.¹⁶

The demand for a separate state of Pakistan, however, became popular among sections of depressed Muslim peasantry and urban petty bourgeoisie, and, in 1947 the Pakistani state came into being.

Muhammad Ali Jinnah, the veteran Muslim League leader and first head of the Pakistani State, declared, in his inaugural address to the Constituent Assembly in August 1947, '... if we want to make this State of Pakistan happy and prosperous we should wholly and solely concentrate on the well-being of the people, and especially of the masses and the poor'. He went on to stress the need to 'work in cooperation' and forget the distinctions between 'the Hindu community and Muslim community'. And he added, 'You may belong to any religion, caste or creed — that has nothing to do with the business of the State'.¹⁷

However, Jinnah died soon after the creation of Pakistan. The remaining League leadership, caught up in its class contradictions, abandoned its professed concern for the poverty of the Muslim masses and degenerated into feuding factions, leaving policy and planning in the hands of bureaucrats and American experts. Into this political and ideological vacuum moved religious parties once again, aided and abetted by the Cold War interests of the United States. They began to fabricate, *post facto*, an 'Islamic Ideology' for Pakistan, which, in the hands of authoritarian governments, served as a convenient tool to suppress dissent.

In order to assert their role as a new superpower, and to tie the newly independent countries into a network favourable to their Cold War interests, the United States' policy makers decided, in the early 1950s, to promote fear of Communism, and to make the world 'safe for democracy'.¹⁸ The strategy adopted was to align these countries vacated by the older colonial powers into new defense pacts, thereby creating client garrisons in these countries ready to move against 'Communist aggression'. According to their calculations, this strategy was operative in Muslim countries because of their aversion to the atheistic facet of Communist ideology. But their first attempt to create a Middle East Command under U.S. auspices, to replace the British occupation forces there, soon ran into trouble.¹⁹ Egypt, under Gamal Abdal Nasser, refused to consider such a proposal while the British still occupied the Suez base and the Israeli-Arab conflict was intensifying. Syria, having borne the brunt of the French Mandate, and under the strong influence of Egypt, was also in no mood to cooperate in a new Western defense strategy. Iran, one of the countries which might have taken the 'Communist threat' seriously, because of its common borders with the U.S.S.R., was unapproachable in the early 1950s because of its bitter dispute with Britain over the Mussadeq government's nationalization of the Anglo-Iranian Oil Company in 1951. The Turkish and Pakistani leaderships were willing to cooperate with a U.S. sponsored Middle Eastern defense alliance, but logistically, it made little sense, given the physical distance between the two countries.

The Hashemite Kingdom of Iraq, a creation of British imperialism, was thus selected as the key to open the door to a broader Middle Eastern defense strategy. At the time, Iraq's leadership was also facing the Kurdish revolt—

considered to be Communist inspired—in addition to popular demands for the removal of Britain's military installations from the country. Under these circumstances, in 1955 the United States succeeded in forging a military alliance between Iraq and Turkey, known as the Baghdad Pact. By this time Mussadeq's government in Iran was overthrown and the Shah was restored, allegedly with the aid of the CIA. The Shah's government, along with Pakistan and Britain, signed the Baghdad Pact later in 1955. This pact, however, proved to be short-lived, as in 1958, the Hashemite puppet regime was overthrown by a military *coup* led by Brigadier Kassem. This was a serious blow to the U.S. client garrison strategy, and resulted in the reorientation of its hegemonic policy. The United States began to shift its priorities by arming the Shah of Iran directly as a regional policeman, and strengthening the Seventh Fleet in the Indian Ocean as an international surveillance force. It was, perhaps, not a mere coincidence that in the same year, 1958, General Ayub Khan of Pakistan, a loyal friend of the United States, swept aside the civilian government and cancelled the impending general election. He then promptly signed the CENTO pact, which succeeded the Baghdad Pact, but from this time the value of these pacts was to remain only nominal.

In the 1960s, with the shift to 'bilateralism' in United States' policy, and with greater involvement in India, whose second Five Year Plan had run into trouble and whose relations with China had soured because of the border hostilities, Pakistan was pushed to a secondary place by her imperial patron. Despite loyal participation in all types of U.S. sponsored military alliances, and the mutual security pact of 1959, Pakistan was finally abandoned by the United States after the 1965 war with India. This was particularly traumatic for Pakistan's military leadership which badly needed to restore its arms supplies; it also explains Pakistan's pursuit of closer ties with China.

The Lesson Ignored

If any lesson can be drawn from the Pakistani experience it is that neo-colonial relationships with superpowers do not pay. But military rulers with their narrow interests cannot be expected to learn lessons which bear on wider national welfare. After the recent Soviet intrusion into Afghanistan, and the Republican election victory in the United States, a new interest has suddenly arisen in the plight of Pakistan and the protection of its Islamic heritage. The United States has offered an unprecedented \$3.2 billion aid package to the present military ruler of Pakistan, thus adding to the already staggering national debt burden of the country. The military ruler himself is promising that his army will defend both the 'territorial' and 'ideological' boundaries of Pakistan. The latter means the defense of Islam and is a euphemism for the repression of political dissenters in Pakistan.

The present military regime in Pakistan has, no doubt, introduced certain trappings of an 'Islamic order'. In banking, interest-bearing accounts have been supplemented with 'profit-loss sharing' deposits. Certain pre-medieval

Islamic penal sanctions have been reintroduced under provisions to 'enforce Islamic *Sharia* law'. (A pregnant school girl in Karachi is at present under the sentence of death by stoning.)²⁰ *Sharia* courts presided over by *ulemah* have been introduced side by side with military courts that know no law. Islamic institutions of higher learning have been opened. But does all this fall into a coherent ideological and political pattern of Islamization of society? The answer is clearly no. General Zia ul Haq is using the name of Islam to legitimize his autocratic military rule, as did the previous unrepresentative governments of Pakistan. The only difference is, that this General's obsession with Islamic ideology as a possible legitimization of his rule is all the more intense because he cannot keep himself in power on the basis of a popular constituency, as some other military rulers in the Islamic world were able to create for themselves. Muslims, according to him, 'believe in one God, one Prophet, and one Book, and their mentality is that they should be ruled by one man'.²¹

Irrespective of the personal motivations behind Pakistan's Islamization measures, they have little relevance for the lives of the majority of people. The issue of interest-free banking does not concern the masses of peasants and workers who have no savings to bank. (In fact, the implementation of interest-free banking, under whatever name, is a monumental contradiction for a country which is under enormous foreign debt and can hardly keep up with servicing that debt.) The pre-medieval Islamic penal sanctions do affect the unfortunate among the urban poor and the lower middle classes who are chosen for exemplary public punishments for petty theft, cheap indulgence and corruption. Whether the socio-psychological impact of these exercises is creating better Muslims in Pakistan is yet to be determined.

Conclusion

What is being labelled as the resurgence of Islam today has little to do with any real renaissance of Islamic values or civilization. There is a renewed trend towards revivalism, but this is not an autonomous collective phenomenon involving the whole of the *ummah*, the community of believers. The Iranian revolution in this respect offers a somewhat exceptional case, in which the role of the Shiah *ulema* as catalysts of political change has a long history and popular roots.²² But the recent wave of violent intolerance on the part of Iranian clergy, and their total failure to develop a socio-economic plan for the uplift of the downtrodden masses, throws serious doubt on their ability to retain popular support.

The niceties being exchanged at diplomatic levels between the Western powers, particularly the United States, and the rulers of some Islamic countries, do not amount to a recognition of the political strength or cultural integrity of Islamic countries, individually or collectively. As in the past, the imperial interest of the Western powers is best served by maintaining a hold on the material and human resources of the Islamic world. The formation of OPEC, and a greater control of oil revenues by the producing countries, has

given the rulers of the oil-rich Islamic countries some bargaining power with respect to their economic and political interests. As a result, the West has responded with some diplomatic concessions. If, in the long run, these diplomatic concessions do not work the United States' Rapid Deployment Force is already in place to secure what cannot be obtained through diplomatic niceties and agreements.

No verifiable claims regarding the resurgence of any belief system are possible, except on abstract, ontological grounds, without taking into consideration such concrete economic and social conditions affecting the human community of believers as hunger, poverty, unemployment, illiteracy and disease. In this respect, the suggestion of a resurgence of Islam amounts to a farce, if not a cruel joke. It should be apparent from the above discussion that, historically, all movements to improve the socio-economic condition of Muslim masses were defeated by a collusion of internal reactionary forces and foreign imperialist interests. Today, the same alliance of forces is trying to obscure the underlying socio-economic realities affecting the material and spiritual well-being of the Muslim masses. The world of Islam cannot build anew a genuine claim to recognition within the existing international relations of economic power and political control.

Notes

1. The film *Death of a Princess* was exhibited on British Commercial T.V. on 10 April 1980. The vacationing British Ambassador was rushed to Riyadh to tender his government's apologies on 18 April. *Facts on File*, Vol. 20, No. 2058.
2. *Viewpoint*, Lahore, 13 August 1981, p. 8.
3. For an early 20th Century English statement on the subject see: Syed Ameer Ali, *The Spirit of Islam: A History of the Evolution and Ideals of Islam* (London, Christophers, 1955).
4. See for example, Fazlur Rahman, *Islam* (New York, Holt Rinehart and Winston, 1966), pp. 193–254.
5. Wilfred C. Smith, *Islam in Modern History* (New York, Mentor Books, 1963), pp. 39–47.
6. Historical accounts of the impact of European rule over the Arab world are readily available. We cite only two accounts by Arab authors: Hisham B. Sharabi, *Nationalism and Revolution in the Arab World* (New York, Van Nostrand, 1966); Samir Amin, *The Arab Nation: Nationalism and Class Struggle* (London, Zed Press, 1978).
7. Quoted in M.A. Karandikar, *Islam in India's Transition to Modernity* (Westport, Connecticut, Greenwood Publishing Corporation, 1969), p. 130.
8. For use of this terminology, see Robert Redfield, *The Peasant Society and Culture* (Chicago, University of Chicago Press, 1957).
9. Fazlur Rahman, op. cit., pp. 201–2.
10. *Ibid.*, pp. 220–5.

11. The Khilafat movement in India, which reached its peak in the 1920s, was aimed at restoring the Turkish Sultan's authority, as Caliph of Muslims, over Islamic holy lands lost in the war. This movement is regarded as the first powerful political awakening of the Muslims in the subcontinent. For details see Aziz Ahmad, 'India and Pakistan', in Holt, Lambton et al. (eds.) *The Cambridge History of Islam*, Vol.II (Cambridge, The University Press, 1970).
12. Abdullah Malik, 'The Afghan Revolution', *Viewpoint*, Lahore, 20 April 1979, p.7.
13. *Far Eastern Economic Review*, 16–22 October 1981, p.13.
14. Abdullah Malik, op. cit., p.8.
15. Ibid.
16. Syed Abul Ala Maudoodi, *Musalman and the Present Political Struggle* (in Urdu), Vol.III (Lahore, Jamat-e-Islami Publications, 1955), pp.52–3.
17. *Quaid-e-Azam Mohammad Ali Jinnah: Speeches as Governor General of Pakistan*, 1947–48, (Karachi, Pakistan Publications n.d.), pp.8–9.
18. William J. Barnds, *India, Pakistan and the Great Powers* (New York, Praeger, 1972), pp.83–106.
19. Ibid.
20. *Far Eastern Economic Review*, 16–22 October 1981, p.47.
21. Quoted from *Dawn*, 28 March 1978, by William L. Richter, 'The Political Dynamics of Islamic Resurgence in Pakistan', *Asian Survey*, June 1979, p.556.
22. Mohammad Ayoob, 'Two Faces of Political Islam: Iran and Pakistan Compared', *Asian Survey*, June 1979, pp.535–46. See also, Jamil Rashid 'Revolution in Iran', *Economic and Political Weekly*, 7 April 1979; pp.657–60.

16. Pakistan and Islamic Ideology

Ziaul Haque

The fusion of Islam and political nationalism in the modern State of Pakistan is a highly significant development, not only in the political history of modern times, but also in the history of Islam itself, making Islam (in theory as well as in its historical institutions) a socio-religious ideology of a modern political state. This synthesis of traditional religion and modern polity is also a blend of religion and science on the intellectual plane — a formidable challenge, if not an impossible task, for several reasons. First, construction of a viable and dynamic social order requires an adequate command of the modern, natural and social sciences and their related methods and techniques of application, in competition with a powerful and fast-developing international industrial society. Second, linking the social order and the sciences to a religion with a strong medieval tradition tends to impede original thinking and progress of both science and society, because any idea or practice 'repugnant' to religion is to be shunned — and what is repugnant to religion is difficult to define and open only to the arbitrary judgment of the ruling classes and their apologists.

This imposition by the State (i.e., the ruling classes) of a selective religious ideology on the broad masses of the population binds them to past tradition and subjects the social order to the control of the upper classes. Such a use of religion subverts the relationship of social order and science, and even profanes and 'detheologizes' religion. By becoming 'social' and 'political', religion becomes an external ritual only, and a hypocritical facade for a rigid class system, losing its aesthetic and theological substance. Social science tries to comprehend and grapple with social reality, but for a ritualistic religion social reality does not exist, and instead it concentrates on creating an attitude of religiosity, a sentimental emotionalism, a 'correct' mind, a 'pure' idea, in isolation from social and economic realities. This stress on religiosity to the exclusion of social responsibility and honesty, creates hypocrisy, and, psychologically, further strengthens the hand of the ruling classes; politicization of religion adds to the confusion, and exploitation of the poor masses, and to the corruption they see all around them, and in which they have been plunged for so long. Externalized religiosity provides a defence mechanism whereby its practitioners insulate and protect themselves from the corruption precipitated by the forces of feudalism and capitalism.

Religion can also provide a means of concealment or justification for any misdeeds, moral ineptitude and inefficiency of an individual, class or even, state.

As will be demonstrated in this chapter, Islam can be interpreted either as a sum total of the fundamental Islamic social and revolutionary principles and doctrines aimed at ameliorating the social conditions of the masses, as a brotherhood of believers, their equality and collectivization of all means of production and distribution; or as a complex of Muslim institutions belonging to certain historical epochs and modes of production. Islamic ideology, therefore, is amenable to very different interpretations depending on the class characteristics of those who invoke it. The traditional literature of Islam relates to various historical periods: the pristine period of the Prophet (peace be upon Him) and the Rightly-Guided Caliphs. The Muslim community of that time was a cohesive fraternity of believers, and their Islam was a revolutionary social principle. Later, under the Umayyads and Abbasids, Islam developed as a part of the general social formation in the context of a feudal mode of production. All institutions, ideas and theories elaborated during these later periods bear a deep imprint of the feudalist epoch. The later traditional, social and legalistic Islamic literature deals with the problems faced by the medieval society. Islamic ideology, in its theory and history, is thus, strictly speaking, a historical category in the social or institutional sense.

In modern industrial society, science has pervaded all social spheres and has severed social ethics from religion, leaving only theology as the main domain of revealed religion. This releasing of social order and sciences from the restrictions of religion is a modern phenomenon of industrial societies, whether they are capitalist or socialist. But in the context of pre-capitalist society, Christian, Muslim, or Jewish, religion was a total code of life: it was required to explain natural and social phenomena in contemporary religious and eschatological terms. It was at once the basis for ethics and the social code, and a 'science'. In this total system reality could not be fragmented into specialized areas and departments, as happened later as science and industry progressed. In modern industrial societies science and religion have become instruments in the hands of the ruling classes, and, therefore, form a part of the ideological superstructure which rises on the economic base.

From this viewpoint, our assumption is that the religious Islamic ideology of the modern State of Pakistan (or more precisely, of the ruling social strata) forms an important part of the general social, legal and political superstructure which has been constructed to justify and preserve the existing social relationships between feudal lords and serfs, capitalists and wage-labourers, based on the semi-feudal and capitalist mode of production which, in itself, is multilaterally linked to international monopoly capitalism.

This ideological structure has been carefully constructed by the rulers of Pakistan (bourgeoisie, landlords and the bureaucratic civil and military elites) and constitutes an attempt to conceal those forms of social conflict and economic disparity that could threaten their rule and interests. Religion, feudal and medieval styles of thought, extra-class social unity of the masses,

obscurantism; anti-democratic and anti-popular reactionary tactics are used to obscure and confuse the real social and economic problems of the poor masses and justify their relegation to hunger, poverty, unemployment, illiteracy and disease. The purpose of this ideology is not to reconstruct society on a truly Islamic basis of social egalitarianism and economic brotherhood; instead, the sole aim of appealing to religion is to subjugate the poor and illiterate masses and to legitimate repression and exploitation through religious dogma and superstition.

This distortion of reality and deliberate confusion of the social problem by the ruling elites through the political use of religion is characteristic of those developing societies of Africa, Asia and Latin America which have been annexed by world capitalism as its periphery and its proper area of control. The loot of the natural and human resources of underdeveloped societies under ideological camouflage is made possible with the help of the indigenous upper classes. As custodians of ideology, these elites, as part of the international capitalist system, formulate and develop religio-political ideas, concepts and theories which conserve the existing neo-colonial economic structures of these societies.

Islam as Theory: Feudalism and Commonwealth

The feudal mode of production, in general, prevailed in the Muslim world throughout medieval times, under the Umayyads, Abbasids and later regimes. This socio-economic formation mainly rested on the division of society into a minority of landlords, tax-farmers and slave-owners, and a vast majority of slaves and serfs. This feudal system, and its religio-political ideology, is reflected in the medieval legal literature, which essentially deals with the contemporary feudal economic and social relationships. Religion was exploited by the absolute autocracies for their own purposes. This post-Quranic feudal ideology is the main source of the bourgeois and feudal ideologies of modern Pakistan. Some examples, such as *Zakat* (the poor-tax), *mudaraba* (profit-sharing) and *riba* (an increase on capital in loans or sales) will elucidate this point. *Zakat* was a tax on agricultural produce, to be rendered in ready money (gold, silver) and cattle of prescribed quantities and quality. It was designed to be taken from the rich and distributed to the poor.¹ Under the feudal mode of production, agricultural produce, money and cattle were the main forms of capital and wealth. But in modern industrial societies, industrial capital has emerged in the course of the last four centuries under the capitalist mode of production. The *Hadith* (the sayings of the Prophet) and *Fiqh* (the code of life) compendia reflect feudal economic conditions where no industrial capital in the modern sense existed. Therefore, the application of *Zakat* in a modern industrial society would involve different criteria, and would primarily be concerned with the social ownership of the means of production, such as land and capital, without which the problem of poverty cannot be abolished. Similarly *mudaraba* was an old form of merchant

capital which flourished early in the pre-Islamic period. It was a product of feudalism and pre-capitalist economic conditions. Recently both these historical phenomena, with their feudalist premises, have been superimposed on a capitalist economy in Pakistan. But the abolition of *riba* (literally an increase both in sales and loans of capital), which theoretically requires the abolition of interest, rent and other illegal profits, has not been implemented. This is because the *Zakat* tax and the institution of *mudaraba* are feudalistic in origin and therefore pose no danger to the capitalist economy, whereas the prohibition of *riba* would mean the abolition of feudalistic capitalism, of all *haram* (illicit) earnings of the rentier classes. The oft-repeated constitutional promise that '*riba* will be eliminated as soon as possible' can easily be understood in this context.

In this way traditional institutions and ideas are deliberately, and erroneously, taken over by the ruling bourgeoisie to 'fit' in the grand capitalist scheme, in full knowledge that such superficial nods in the direction of tradition do not affect the existing economic structures and relationships (between landlords and their tenants, capitalists and labourers). Similar in intent is the official religious policy of the State. The call to prayers is broadcast by the official media, and the masses are asked to pray regularly, to fast in the month of Ramadan, and to pay *Zakat* from their savings. These rituals have no effect on the existing economic structures; on the contrary. They render them sacrosanct, as the poor people are reminded again and again that poverty and riches are divinely decreed and their distribution is not a function of the economic system. In the early Islamic period, the universal ethical principles enunciated in the Quran and the *Hadith* of the Prophet and his illustrious Companions — brotherhood, egalitarianism and social solidarity among the believers — were realized by abolishing the systems of *riba* and *muzara'a* (share-cropping/ground rent) and making all capital, land and natural resources the collective property of the entire community, to be used for the benefit of all. The community is a *jama'a*, a collectivity, not in the religious or theological sense only but in the social and economic sense too, and its economic resources were to be used for the equal development of all. This principle negates all self-aggrandizements, the profit motive, self-interest and private ownership of the social means of production. But this original Islamic ideology, with its collectivist theory of social organization, was not adopted by the ruling classes of Pakistan because this would have meant the abolition of landlordism; and because it opposed all forms of capitalism — private ownership of the basic means of production, and the division of *ummah* (community of believers) into serfs and landlords, labourers and capitalists. Early Islam then, was a social movement, and a code of action rather than a collection of religious rituals. It was a community, a fraternity of believers, with its principles verbalized in a religious framework and religious terminology, without which the people of the time could not understand the spirit and message of Islam nor translate their theories into action.

In essence, the Quran is a Book of action, a declaration of war against

all exploiters of weaker human beings, and against all vested interests. The ruling bourgeois and landlord classes of Pakistan, therefore, are faced with a dilemma. They have been struggling hard to develop capitalism with the help of the international monopoly capitalism. The form of Islamic ideology employed by them to buttress this mode of production, is feudalistic in origin, retrogressive in approach and reactionary in its basic methodology. Share-cropping and ground-rent (*muzara'a*) have been retained; *mudaraba* is being resurrected in the naked form of comprador capitalism, and the abolition of *riba* is shelved. The early form of Islam will clearly not serve the interests of capitalism; but its medieval form, which has become State ideology, has arrested the further development of capitalism and paralysed the social system, since it strengthens the feudalist mode of production. This is the main reason why feudal lords have been predominant in the social structure of Pakistan. The feudal structure has remained intact in Pakistan and the feudal class has succeeded in capturing control of the civil and other administrative services in Pakistan.² This stagnation has damaged all scientific and moral processes and has encouraged the development of shallow religiosity, moral decadence, evasion of duty, mediocrity and social and political corruption.

Hindu Muslim Conflict

These preliminary observations lead us to the question of how and why this feudalist ideology became the political ideology of the modern State of Pakistan.

In the wake of colonial occupation of the Indian sub-continent Britain annexed the Indian economy to its fast-expanding capitalist domain. The British developed only those sectors of the Indian economy which provided raw materials for the British industry. They encouraged those classes and groups whose existence was necessary and helpful for the consolidation of their rule. Their interests coincided with those of the native bourgeois and feudal strata, who occupied dominant positions in the society. The Hindu and Muslim upper classes were, therefore, the natural allies of the British colonialists. In rural areas a powerful class of feudal lords and usurers was ruthlessly exploiting the landless serfs and tenant cultivators. The interests of these agricultural upper and middle classes became identical with those of the British — subjugation of the masses, and exploitation of both natural and human resources for the sole advancement of the privileged propertied classes.

Regarding the Permanent Land Settlement Policy in some Indian rural districts, the Revenue Despatch to India, 1862 (Vol.10, no.14, India Office Library) says:

It is also most desirable that facilities should be given for the gradual growth of a middle class connected with the land, without dispossessing

the peasant proprietors and occupiers. It is believed that among the latter may be found many men of great intelligence, public spirit, and social influence, although individually in comparative poverty. To give to the intelligent, the thrifty, and the enterprising the means of improving their condition, by opening to them the opportunity of exercising these qualities, can be best accomplished by limiting the public demand on their lands. When such men acquire property, and find themselves in a thriving condition, they are certain to be well affected towards the Government under which they live. It is on the contentment of the agricultural classes, who form the great bulk of the population, that the security of the Government mainly depends.³

With the development of industry, commerce and education Hindus were the first beneficiaries. Muslims, everywhere, lagged behind for many social and historical reasons. Consequently, a strong Hindu bourgeoisie emerged, threatening the interests of the Muslim upper classes, who saw that positions in the lucrative areas of industry, commerce and the civil service were being captured by their richer and more educated Hindu compatriots. As this threat gradually increased, influential Muslim groups sought British help to protect the political (and hence economic) rights of the Muslim elites, both urban and rural. (According to British imperialist political theory, only these propertied elites were the natural representatives of the labouring classes, since they were men of great intelligence, public spirit, social influence and property.)

The Muslim League and the Demand for Independence

In October 1906 a delegation of Muslim 'nobles, *Jagirdars*, *talukdars*, lawyers, *zamindars*, merchants and others representing a large body of the Mohomedan subjects' approached the British Viceroy, Lord Minto, and requested him 'to provide that both in the gazetted and the subordinate and ministerial services of all Indian provinces due proportion of Mohomedans shall always find place'.⁴ They had also requested the appointment of Muslim judges to the High Courts, an adequate representation of Muslims on municipalities and district boards, syndicates and senates of universities, and representation of Muslim landlords, merchants and university graduates in the Legislative Chambers.⁵

This struggle of the Muslims — or at any rate their upper and middle classes — to safeguard their political rights culminated in the founding of the All India Muslim League in Dacca in 1906. The fear of Hindu majority rule and the consequent extinction of Muslim identity, was also strengthened by the adoption of Hindi as the official medium of instruction in many provinces, and by Hindu extremist and reactionary groups, for whom Muslims as a whole belong to that motley mass of untouchables who are outcastes of the Hindu social order. These contradictions in Indian society, cultural dif-

ferences between Muslims and Hindus, and the antagonism of the Hindu elites towards the poor Muslim masses were manipulated by the British imperialists to perpetuate their rule.

The All India National Congress (founded in 1885) and the Muslim League thus emerged as two political organizations, mainly representing the Indian upper and middle classes. The Congress claimed to represent all communities and religions of India; it was nationalist/secularist in outlook and laid stress on the solution of the political and economic problems of the Indian masses of all creeds and religions, but it was dominated by high-caste Hindus.

The All India Muslim League, on the other hand, concentrated on the Muslim community, or more precisely on its upper and middle strata who found their political and economic position in danger vis-a-vis the rising Hindu middle and upper classes. To bring the Muslims to a common front of struggle, the League appealed to their religious sentiments and aroused their religious consciousness, in support of the aim of political self-determination of the Muslims of India. For the depressed Muslim classes this political self-determination was to liberate them from the clutches of dominant native and foreign bourgeoisie and the feudal lords.

The Resolutions of the Indian National Congress passed at its Ramgarh session (20 March 1940), and the All India Muslim League session (Lahore, 24 March 1940) epitomize two conflicting attitudes and approaches to the political and constitutional impasse which confronted India as a result of British plans to evolve 'responsible government' in India and the subsequent independence of the country. The Congress Resolution declared:

Great Britain is carrying on the war [World War II] fundamentally for imperialist ends and for the preservation and strengthening of her Empire, which is based on the exploitation of the people of India as well as of other Asiatic and African countries. . .⁶

This Resolution projects the constitutional problem on economic lines and envisages the freedom struggle mainly as a political and economic liberation of the masses. Conversely, the Muslim League elaborated the problem not on an economic or political basis, but on cultural grounds. In his presidential address at the Lahore session of the All India Muslim League (March 1940), Quaid-e-Azam Muhammad Ali Jinnah observed that Islam and Hinduism were not religions in the strict sense of the word, but,

. . . two different religious philosophies, social customs, [and] literatures. [Muslims and Hindus] neither intermarry nor interdine together and indeed they belong to two different civilisations which are based mainly on conflicting ideas and conceptions. Their outlooks on life and of life are different. It is quite clear that Hindus and Musalmans derive their inspiration from different epics, different heroes and different episodes . . . To yoke together two such nations under a single state, one as a numerical minority and the other as a majority, must lead to

growing discontent and final destruction . . . Hindus and Muslims brought together under a democratic system forced upon the minorities can only mean Hindu raj. . .⁷

This fear on the part of a minority is characteristic of all modern democracies which include communities with many religions and creeds. Like the Muslim minority, the 'Depressed Classes' (the untouchables) were also in a precarious position. Political conditions were in fact very complex, and reflected the wretched economic state of the masses, whether they were Hindu, Muslim or untouchables. The real problem was the acute poverty of the broad masses; the 'political' problem was inflated out of all proportion by the imperialists and the constitutional impasse was deliberately created to neutralize the imminent popular war of liberation.

There were religious and cultural differences between different Indian communities — Hindus, Muslims, and Christians, etc. In a class-ridden society where upper classes, who are Hindus, oppress and exploit lower classes, who are Muslims, the class differences become religious differences and class consciousness gives way to religious consciousness. To the poor and exploited, only religion can give them a sense of identity, power and confidence. It mobilizes their energies and unifies them against a common enemy, but, simultaneously, it cuts across the class structure. When class consciousness was weak and religious sentiment strong, and when parliamentary or bourgeois democracy implied a rule of the majority (in this case the Hindu bourgeois and landlord classes), political self-rule in reality meant rule by the dominant Hindu bourgeoisie. For these reasons the poor landless peasantry of East Bengal championed the cause of the Muslim League and demanded an independent state of Pakistan, and the landless peasants (*Maris*) of Sind struggled for freedom. They aspired to complete social and economic emancipation from all capitalists, landlords and merchants — Hindu as well as Muslim. For the lower classes of Indian Muslims, the demand for Pakistan was, therefore, a demand for a new social and economic order where they could live in equality, free from the exploitation whereby the imperialists had consolidated their position behind a political facade.

Previously, such Muslim intellectuals as Sir Sayyid Ahmad Khan had seen Muslim political and territorial nationalism as in opposition to the basic universal teachings of Islam, according to which the Muslim *Ummah* was a religious, and not a political, nationalist concept. However, in the peculiar Indian political climate, complicated by the cultural animosity of different religious communities, Sir Sayyid Ahmad Khan, Dr Iqbal and the Muslim League leaders propounded the concept of political nationalism and separatism. This concept has been explained by some scholars as the ideology of the rising Muslim bourgeoisie in India, the middle classes and the poor masses.

For a variety of reasons, [says Marietta Stepaniants] Islamic nationalism became the ideology of the mass movement of Indian Muslims. The landlords and bourgeoisie sought a separate state as a way to get rid

of the domination of Hindu trade and industrial capital. The middle class hoped that a new state would provide better chances for getting civil jobs. The working people had illusions about the possibility of the solution of the vital socio-economic problems by the realization of Islamic principles.⁸

That Islam was a social and economic system with its own principles, ideas and concepts was a serious if nebulous proposition. It was not a clearly defined theory or formula. By an Islamic 'system' the people generally meant the social and economic principles of brotherhood, equality and social solidarity characteristic of the early period of Islamic history, that is, Islam under the Prophet and the first four Caliphs. But how these principles were to be carried out in a modern industrial society, what would be the form of economic system of this independent Islamic State, and who would control the means of production in the Islamic economic system, were important questions which were left unanswered in the frenzy of the political struggle for independence.

It was generally thought that the independent state of Pakistan would be a social democracy based on the egalitarian principles of Islam. According to Muhammad Ali Jinnah 'Islam and its idealism have taught democracy. Islam has taught equality, justice and fair play to everybody'.⁹

The Muslim League rejected the scheme of a composite Indian federation as contained in the Government of India Act, 1935 and demanded independence from Hindu majority rule. It therefore resolved, at its famous Lahore Session on 24 March 1940,

... that it is the considered view of this session of the All-India Muslim League that no constitutional plan would be workable in this country or acceptable to the Muslims unless it is designed on the following basic principle, viz., that geographically contiguous units are demarcated into regions, which should be so constituted, with such territorial readjustments as may be necessary, that the areas in which the Muslims are numerically in a majority, as in the north-western and eastern zones of India, should be grouped to constitute independent states, in which the constituent units shall be autonomous and sovereign. . .¹⁰

The demand for an independent political state for an Indian religious community, the Muslims, tended to divide India on a religious basis transcending all social (class) conflicts between labourers and capitalists, landlords and tenants. The freedom struggle should have aimed at broad goals — the eradication of poverty and illiteracy, revolution in agriculture and industry, decolonization and the overall economic and social development of the country and all its communities and regions. Without a war of liberation on the part of the masses, economic independence of colonial lands cannot be achieved. Mere political independence is a chimera. It is interesting to note that at the same time as the Muslim League was demanding the division of India

on religious grounds, and the Congress was fighting for a bourgeois parliamentary democracy on secular lines, the Communist Party of India, in its Manifesto of 16 March 1940, was urging the labourers and peasants of India to 'launch an attack on Imperialism'.¹¹ Yet it seems that the Congress and Muslim League wanted to follow a constitutional and legal path and, therefore, did not subscribe to the idea of a violent overthrow of the British imperialism. The non-violent movement of the Congress, and its peaceful struggle for the transfer of power to the Indian people, determined the course of future events. When independence came, power was transferred by the British to the bourgeoisie and landlords of both India and Pakistan, who continued to maintain more or less neo-colonial relationships with Western imperialism. Although India avoided becoming completely attached to Western capitalism, Pakistan could not resist and therefore became an ally of imperialism, entering the Western military bloc under its aegis.

The Muslim League

The Muslim League was formed in 1906 as a political organization of upper-class Indian Muslims, but it subsequently developed into a mass organization of Indian Muslims of all classes. For various groups and classes the 'Islamic ideology' of the independent State of Pakistan differed according to their differing aspirations and perceptions of the real socio-economic problems they faced. To the poor masses, the landless peasants and labourers, Pakistan would enable them to acquire total emancipation from hunger and poverty, and rid them of the oppression of the upper classes which had reduced them to a sub-human level. In his book *The Meaning of Pakistan*, published in March 1944, F.K. Khan Durrani says:

The idea of Pakistan has set the Muslim imagination afire. They see strange, undreamed of, limitless possibilities in it. . . They imagine Pakistan to be a state in which men shall be free from oppression, injustice and exploitation, and free from selfish greeds, covetousness and fear of poverty.¹²

Earlier, in December 1943, Nawwab Bahadur Yar Jung, an influential Muslim League leader, said that he was a Communist, 'if Communism means to efface poverty and class distinctions and to provide bread and clothing to the poor. We have understood Pakistan in this light. If your Pakistan is not such we do not want it.'¹³

Thus, Islam was utilized by nationalist ideologists to bring all classes of Muslims together on a common platform. They were able to do this only because religion had been the most popular form of social consciousness, which in its turn reflected the socio-economic and cultural development of those countries where not only feudal, but even tribal relations were sometimes maintained. Here, as in medieval Europe, 'the feelings of the masses

were fed almost exclusively by religious food; that is why to provoke a strong movement it was necessary to present to the masses their own interests in religious clothes.¹⁴

Although Islam was used as a mobilizing force transcending social contrasts and concealing all class differences, it ultimately became a tool in the hands of the powerful ruling bourgeois and feudal elites to present 'their own interests as the interests of the nation as a whole, in that way aiding in preventing the formation of class contradictions and struggle'.¹⁵ The broad masses of Muslim peasant populations of Bengal, Punjab, Sind and other areas, and the Muslim artisan masses of northern India, were moved by Islam because they saw it as a liberating and progressive force which would bring equality and freedom to poor people.

Islamic Ideology and the Islamization of Society

After Pakistan was established in 1947, the bourgeoisie and landlords, posing as representatives of the Muslims of Pakistan, took over the new State and its administration. The most respected leader, Jinnah, died before any restructuring of the social and political system of the new State on democratic lines could take place. There is no doubt that he was a staunch democrat and constitutionalist and wanted Pakistan to earn international honour and prestige by helping the liberation movements of the down-trodden masses of the Third World.

But after him, popular democracy and the welfare of the people of Pakistan were neglected. The ruling elites began to develop Islamic ideology into a device to prevent the people from participating in the decision-making process, and to deprive them of their share in the national wealth. This became necessary in the early fifties, when Pakistan entered the arena of Western capitalism by participating in Western military pacts. Political independence did not lead to economic independence. The hitherto vague and abstract Islamic ideology, which had always been expressed in terms of equality and universal brotherhood, began to be converted into an ideology of feudalistic capitalism, in line with the wider interests of Western imperialism. Islam, both in its religious and social aspects, was not formulated and developed as an independent and progressive philosophy for the general social and economic well-being of the masses, but rather it was made subject to the general capitalist ideology, the fundamental elements of which were private ownership of the basic means of production, self-interest, laissez-faire economy, strengthening and widening of elites, and enslavement of the poor and illiterate masses. The Islamic capitalist ideology was therefore employed to promote the interests of the propertied classes — bourgeoisie, landlords, all the upper and middle strata and their allied parasitic appendages. Once created and developed these elites become potential consumers of the capitalist goods which are the status symbols in the poor developing societies. This capitalist life-style becomes a sought after social standard and symbolic of civilization

for all classes. No basic and capital-goods industries are established — only light consumer-goods industries are set up. Without a strong capital industrial base no scientific, technical, or human progress is possible in the 20th Century.

As Pakistan became a model of neo-colonial and imperialist serfdom, a superficially Islamic gloss was gradually applied to the capitalist/feudalist system and became an ideology of the upper classes. This fact is also reflected in Pakistan's three constitutions which were framed in 1956, 1962 and 1973. The provisions of these constitutions left all means of production in the hands of the bourgeois/feudal class. The structure of feudalism remained intact and industry and finance came to be concentrated within a few powerful groups.

The first Constitution of 1956 contained a few Islamic provisions relating to the State ideology. Article 197 provided that 'the President shall set up an organization for Islamic research and instruction in advanced studies to assist in the reconstruction of Muslim society on a truly Islamic basis'. Article 198 mentioned that 'no law shall be enacted which is repugnant to the injunctions of Islam as laid down in the Holy Quran and *Sunnah*; and existing law shall be brought into conformity with such injunctions'.¹⁶ In Article 15 the Constitution also laid down that 'no person shall be deprived of his property save in accordance with law. No property shall be compulsorily acquired or taken possession of save for a public purpose, and save by authority of law which provides for compensation therefor...'.¹⁷

In this way Islamic ideology remained vague; the general and abstract notions of social justice, equality and freedom meant nothing without corresponding institutions which could translate these notions into reality. Full protection was provided to large feudal estates. Although Article 29 laid down that 'the State shall endeavour to eliminate *riba* as early as possible',¹⁸ no practical mechanism or scheme was provided to abolish it.

As regards the property rights of the ruling bourgeois and landlord classes, the Constitution of 1962 gives the same protection as that of 1956.¹⁹ This Constitution also provides, in Article 199, for an Advisory Council of Islamic ideology, (a) to make recommendations to the central and provincial governments on means to enable and encourage the Muslims of Pakistan to order their lives in all respects in accordance with the principles and concepts of Islam; (b) to advise the National Assembly, a Provincial Assembly, the President or a Governor, on any question referred to the Council under Article 6, that is to say, a question as to whether a proposed law disregards or violates, or is otherwise not in accordance with, the principles of law-making.²⁰ Article 18 mentioned that '*riba* (usury) should be eliminated', but did not explain how and when.²¹

Article 207 provided for an Islamic Research Institute to undertake research and instruction in Islam for the purpose of assisting in the reconstruction of Muslim society on a truly Islamic basis.²² The main function of the Institute was to organize research in Islamic disciplines in different areas in order to assist in the 'reconstruction of Muslim society on a truly Islamic

basis'. But this 'truly Islamic basis' was to be determined by the State, i.e. the ruling strata. Therefore, the Institute remained mainly an organization generating religious judgement *fatwa* on particular problems and, except for a few studies, it followed the official line in its interpretations of Islam and its ideology.

The Constitution of 1973 also contained provisions for bringing all existing laws into conformity with the injunctions of Islam as laid down in the Holy Quran and *Sunnah*. No law was to be enacted which was repugnant to such injunctions.²³ A Council of Islamic Ideology was set up to make recommendations to Parliament and the Provincial Assemblies as to the ways and means of enabling and encouraging the Muslims of Pakistan to order their lives individually and collectively in all respects in accordance with the principles and concepts of Islam as enunciated in the Holy Quran, and the *Sunnah*; and to compile in a suitable form, for the guidance of Parliament and the Provincial Assemblies, 'such injunctions of Islam as can be given legislative effect'.²⁴ It also repeated the meaningless constitutional clause 'the State shall eliminate *riba* as early as possible' again without any practical plan for its abolition and without explaining its meaning and nature in a capitalist economy.²⁵ Though the Constitution refers to the socio-economic problem in general terms, resolving 'to protect our national and political unity and solidarity by creating an egalitarian society through a new order',²⁶ it fails to clearly specify how to reconstruct the society on Islamic and egalitarian principles, or how to abolish feudalism and capitalism both of which are repugnant to the Holy Quran and the *Sunnah*.

Although the Council of Islamic Ideology continued to be an 'organization to make recommendations within the precepts of Islam, it never recommended any revolutionary changes in the exploitative social and economic structure of the country. It concerned itself only with such superficial matters as 'eradication of social evils', with religious rituals and some legal matters, but in general it justified the feudal and capitalist institutions, i.e. the *zamindari* and *jagirdari* systems; neither did it ever recommend changes in the capitalist institutions of interest (*riba*), ground rent, etc. in accordance with the principles of Islam. To give an example, the Annual Report of the Proceedings of the Council gives the following translation of some Quranic verses (13-32).

It is they who would distribute the mercy of the Lord. It is We who distribute among them their livelihood in the present life, and We exalt some of them above others in degrees (of rank), so that some of them may make others subservient (to themselves). And the mercy of the Lord is better than that which they amass.²⁷

In other words the Report justifies the present social and economic relationships among various classes under feudalism/capitalism. The distribution of property in society and creation of propertied and non-propertied classes is a Divine decree. If the bourgeoisie/landlords subjugate the poor masses

and make them subservient to them, it is an inexorable fate, and an immutable Divine law which must be accepted as a part of the Islamic Faith. This is a blatant and impudent rationalization of feudalism/capitalism and protection of the interests of the propertied classes, a naked justification of the *status quo* cloaked in the garb of religion.

According to the bourgeois intellectuals the only principles of Islam that are to form the content of Islamic ideology are those which can promote the interests of the bourgeois/feudal classes. As a consequence of this attitude of the ruling classes, the constitutional clause which vaguely committed the State to eliminate *riba* as early as possible was reinterpreted in the early sixties when capitalism was vigorously developed. *Riba* (literally, an increase) was the ancient type of money-lenders' and merchants' capital which not only arose in loans of capital but also in sales; thus covering the entire economic structure and all kinds of profits, ground-rent and interest. Under Ayubian Islamic capitalism *riba* was defined as an exorbitant increment whereby the capital sum is doubled several folds, against a fixed extension of the term of payment of the debt. 'Prohibition of this *riba* by means of law is a religious necessity.'²⁸ This ideological buttressing of capitalism and its simple rate of interest (which is not considered un-Islamic) reminds us of the sustained struggle against usury by European intellectuals in the 17th and 18th Centuries, when through legislation, the interest-bearing capital and all loanable financial resources were rendered accessible to the rising industrialists by reducing the rate of interest, thus enabling the merchants/industrialists to borrow at cheaper rates the social capital saved through the banks.²⁹ In their zeal to justify capitalism in Islamic terms these ideologues forget that interest is a product of modern capitalism and is a part of the aggregate profit which accrues to landlords, industrialists/merchants and money-lenders.

Interest, therefore, cannot be eliminated without abolishing capitalism. In the process of Islamizing the economy, a Report of the Panel of Economists and Bankers suggested a gradual elimination of interest from the Pakistani economy. The Report recommended interest-free banking in the public sector, and in house-building, etc., but has left the private banking sector and all other sectors of the economy at the mercy of the forces of landlordism and capitalism.³⁰

The concept of *mudaraba* (profit-sharing), as a principle of Islamic capitalism is being interpreted and developed to maximize the profits of merchants/industrialists, because, according to the medieval theory of *mudaraba* (or the ancient European *commenda*) there is no limit to the earning of profits. This is in perfect accord with the theories of profit-motive and self-interest of modern capitalism. Moreover, *mudaraba* is not based on any explicit text (*nass*) of the Quran or *Sunnah*. Despite this fact, the theory of *mudaraba*, like the un-Islamic institution of *muzara'a* (share-cropping, ground-rent), is being elaborated as a part of Islamic ideology. Such selective and tendentious propagation of a feudalist Islam is in line with the spirit of capitalism.

In Pakistan, the process of Islamization of society is, in reality, a process

of feudalization and development of capitalism as an appendage of international monopoly capitalism. The fundamental aim of the 'feudalist' Islamic ideology is to safeguard the tottering structures of feudalism/capitalism; all scientific, social and democratic processes are, therefore, being subverted. A tendency to evasiveness has permeated all social spheres. Careful reflection upon terms coined by pseudo-intellectuals, such as Islamic economics, Islamic democracy, Islamic science, Islamic education, etc. reveal that all this is an attempt to circumvent the scientific method and thereby to crush all democratic, popular and progressive forces and subject the masses to a wholesale and merciless exploitation.

As the state and its organs are governed by the bourgeoisie/landlords, who also own all natural resources and means of production, it follows that the state ideology is really that of the exploiters. This political ideology of the upper classes is projected as an Islamic ideology because the forms and content of this ideology are characteristically capitalistic and feudalistic. It promotes private property, concentration of the means of production in a few hands, exploitation of the masses and reactionary, superstitious and feudalist interpretations of religion. As capitalism has divided the *Umma* (Community of believers) into classes, this ideology is also employed to unify the masses on a religious or extra-class basis; this results in complete enslavement of the masses and total destruction of their culture. The masses find themselves in a vortex of corruption, superstition, illiteracy, disease, malnourishment, social depression and psychological despondency. Scrambling for the crumbs that fall from the sumptuous tables of the ruling elites, they almost kill themselves in vying to possess the status symbols that they think might earn them respect and honour in the society. Existing at or below subsistence level, bereft of all social and cultural amenities, those unhappy human beings live in their dark hovels oblivious to the intrigues and complexities of the so-called Islamic ideology foisted upon them, which brings them only confusion. This ideology, they perceive, gives them nothing tangible and serves only to distract attention from their social and economic problems.

The propagation of a feudalized and capitalist religion by the State has exacerbated the social problems. The people are bewildered by an 'upsurge' of Islam and concomitant proliferation of corruption and graft, mediocrity, hypocrisy and cowardice. The moral cowardice of Pakistan's intellectuals only aids this social degeneration.

For the poor, Islamic justice is an ideal to be attained; but to implement the revolutionary principles of Islam would destroy the economic bases of the ruling elite's power.

The ruling classes of Pakistan thus face an acute dilemma. Whilst struggling to extend capitalism to all social and economic spheres they employ an ideology which is feudalistic in origins and reactionary and unscientific in its methodology, and in no way accords with socio-economic relations which have been built on an industrial base. The bourgeois elements have ended feudal dominance in the industrialized centres but feudal lords still

rule in the vast hinterlands. When there is any threat to their common rule and hegemony from the popular forces they combine and defend themselves with the shield of a spurious Islamic ideology.

Notes

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